

Transmittal
Section 8 Renewal Policy Guide

Date: November 5, 2007

This Transmits:

The following revised Housing Assistance Payments Contracts. The new contracts provide an additional signature block for HUD to sign contracts for those contracts initially signed by Performance Based Contract Administrators. In addition, we have added a new contract for Previous Mod Rehab Projects. Prior versions of the contracts, including the August 22, 2007 versions, should no longer be used.

- Attachment 11-1 – Basic Renewal Contract – One-Year Term
- Attachment 11-2 – Basic Renewal Contract – Multi-Year Term
- Attachment 12 – Renewal Contract for Mark-Up-To-Market Project
- Attachment 13 – Preservation Renewal Contract
- Attachment 14 – Interim (Full) Mark-To-Market Renewal Contract
- Attachment 15 – Interim (Lite) Mark-To-Market Renewal Contract
- Attachment 16 – Full Mark-To-Market Renewal Contract
- Attachment 17 – Watch List Renewal Contract
- New Attachment 18 – Previous Mod Rehab Projects
- Attachment 19 – Form Letter for issuance to owners who have entered into multiyear contracts.

Remove:	Insert:
Attachment 11-1 (dated August 22, 2007)	Attachment 11-1 (dated November 5, 2007)
Attachment 11-2 (dated August 22, 2007)	Attachment 11-2 (dated November 5, 2007)
Attachment 12 (dated August 22, 2007)	Attachment 12 (dated November 5, 2007)
Attachment 13 (dated August 22, 2007)	Attachment 13 (dated November 5, 2007)
Attachment 14 (dated August 22, 2007)	Attachment 14 (dated November 5, 2007)
Attachment 15 (dated August 22, 2007)	Attachment 15 (dated November 5, 2007)
Attachment 16 (dated August 22, 2007)	Attachment 16 (dated November 5, 2007)
Attachment 17 (dated August 22, 2007)	Attachment 17 (dated November 5, 2007)
Attachment 18 (dated August 22, 2007)	Attachment 18 (dated November 2, 2007)
	Attachment 19 (dated November 5, 2007)

U.S. Department of Housing and Urban Development

Office of Housing

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

BASIC RENEWAL CONTRACT

ONE-YEAR TERM

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text.
These endnotes are instructions for preparation of the Basic Renewal Contract.
The instructions are not part of the Renewal Contract

TABLE OF SECTIONS

1 CONTRACT INFORMATION	1
PROJECT	1
TYPE OF RENEWAL	2
2 TERM AND FUNDING OF RENEWAL CONTRACT	2
3 DEFINITIONS	3
4 RENEWAL CONTRACT	4
a Parties	4
b Statutory authority	4
c Expiring Contract	4
d Purpose of Renewal Contract	4
e Contract units	5
5 EXPIRING CONTRACT – PROVISIONS RENEWED	5
6 CONTRACT RENT	6
a Contract rents	6
b No rent adjustments	6
7 OWNER WARRANTIES	6
8 OWNER TERMINATION NOTICE	6
9 HUD REQUIREMENTS	6
10 STATUTORY CHANGES DURING TERM	7
11 PHA DEFAULT	7

12 EXCLUSION OF THIRD-PARTY RIGHTS	7
13 WRITTEN NOTICES	8
SIGNATURES	9

**U.S. Department of Housing and Urban Development
Office of Housing**

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

BASIC RENEWAL CONTRACT¹

ONE-YEAR TERM

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number:

Section 8 Project Number of Expiring Contract:

FHA Project Number (if applicable):

Project Name:

Project Description:³

TYPE OF RENEWAL

- Check this box for a project renewed under Section 524(a) of MAHRA (not including a Mark-Up-To-Market renewal).
- Check this box for a project renewed at exception rents under Section 524(b)(1) of MAHRA.

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator⁴

Address of Contract Administrator

Name of Owner⁵

Address of Owner

2 TERM AND FUNDING OF RENEWAL CONTRACT

- a** The Renewal Contract begins on _____⁶ and shall run for a period of one year.
- b** Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ _____,⁷ an amount sufficient to provide housing assistance payments for approximately _____⁸ months of the Renewal Contract term.

- c** HUD will provide additional funding for the remainder of the Renewal Contract term subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

Contract units. The units in the Project which are identified in Exhibit A by size and applicable contract rents.

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Project. The housing described in section 1 of the Renewal Contract.

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f)

4 RENEWAL CONTRACT

a Parties

- (1)** The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).
- (2)** If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (HUD requirements), section 10 (statutory changes during term) and section 11 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and section 524 of MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will end prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

- (1)** The purpose of the Renewal Contract is to renew the expiring contract for a one-year term. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract.

- (2) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the Owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

- a Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).
- b All provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:
 - (1) Identification of contract units by size and applicable contract rents;
 - (2) The amount of the monthly contract rents;
 - (3) Contract rent adjustments; and
 - (4) Project account (sometimes called “HAP reserve” or “project reserve”) as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.
- c The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Contract rents

Throughout the Renewal Contract term, the contract rent for each bedroom size (number of bedrooms) shall be the contract rent amount listed in Exhibit A of the Renewal Contract.

b No rent adjustments

There shall be no adjustment of the contract rents during the term of the Renewal Contract. Special adjustments shall not be granted.

7 OWNER WARRANTIES

a The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.

b The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

a Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.

b If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent), shall not be applicable.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

- a** This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA's obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

- a** The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with the Contract Administrator's implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.
- b** The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.

- c** If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract (“ACC”) between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

- a** Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.
- b** A party shall give notice at the other party’s address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party’s designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

By: _____
Signature of authorized representative

Name and official title

Date _____

U.S. Department of Housing and Urban Development

By: _____
Signature of authorized representative

Name and official title

Date _____

Owner

Name of Owner

By: _____
Signature of authorized representative

Name and title

Date _____

EXHIBIT A

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

Section 8 Contract Number:
FHA Project Number (if applicable):
Effective Date of the Rent Increase (if applicable):

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
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Comments:

Basic Renewal Contract
One-Year Term
REV-11-05-2007

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

¹ This form of Renewal Contract is to be used for initial and subsequent renewals of an expiring Section 8 project-based HAP contract under the authority of Section 524(a) or 524(b)(1) of MAHRA for a one-year term. Attachment 11-2 is to be used for renewals under the authority of Section 524(a) or 524(b)(1) of MAHRA for a renewal term of two or more years.

This form may not be used for Mark-Up-To-Market Renewals. The HUD prescribed form of Mark-Up-To-Market Renewal Contract must be used for this purpose.

Section 2 of the Renewal Contract specifies the date on which the one-year renewal term begins.

² To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

³ Enter a description of the housing that will be covered by the Renewal Contract. The description must clearly identify the Project by providing the Project's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered Project.

If necessary, attach an exhibit with a site plan, legal description or other descriptive information. Enter a reference to the attached exhibit.

⁴ Enter the name of the Contract Administrator that executes the Renewal Contract. If HUD is the Contract Administrator, enter "United States of America – Department of Housing and Urban Development (HUD)". If the Contract Administrator is a public housing agency ("PHA"), enter the full legal name of the PHA.

⁵ Enter the full legal name of the Owner. For example: "ABC Corporation, Inc., a Maryland corporation."

⁶ The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

⁷ Enter the amount of funding obligated.

⁸ Enter a whole number of months.

U.S. Department of Housing and Urban Development

Office of Housing

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

BASIC RENEWAL CONTRACT

MULTI-YEAR TERM

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text.
These endnotes are instructions for preparation of the Basic Renewal Contract.
The instructions are not part of the Renewal Contract

TABLE OF SECTIONS

1 CONTRACT INFORMATION	1
PROJECT	1
TYPE OF RENEWAL	2
2 TERM AND FUNDING OF RENEWAL CONTRACT	2
3 DEFINITIONS	4
4 RENEWAL CONTRACT	5
a Parties	5
b Statutory authority	6
c Expiring Contract	6
d Purpose of Renewal Contract	6
e Contract units	6
5 EXPIRING CONTRACT – PROVISIONS RENEWED	6
6 CONTRACT RENT	7
a Initial contract rents	7
b Contract rent adjustments	7
(1) OCAF or Budget-Based Rent Adjustments	7
(2) Comparability adjustments	8
(a) Applicability	8
(b) Fifth year adjustment (comparability adjustment at expiration of each 5-year period, <i>if applicable</i>)	8

**(c) Mid-term adjustment (discretionary comparability adjustment
within 5-year term) 9**

(d) Adjusting contract rent

10

(3) Procedure for rent adjustments during renewal term

10

(4) No other adjustments

10

7 OWNER WARRANTIES	11
8 OWNER TERMINATION NOTICE	11
9 HUD REQUIREMENTS	11
10 STATUTORY CHANGES DURING TERM	11
11 PHA DEFAULT	12
12 EXCLUSION OF THIRD-PARTY RIGHTS	12
13 WRITTEN NOTICES	13
SIGNATURES	14

**U.S. Department of Housing and Urban Development
Office of Housing**

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

BASIC RENEWAL CONTRACT¹

MULTI-YEAR TERM

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number:

Section 8 Project Number of Expiring Contract:

FHA Project Number (if applicable):

Project Name:

Project Description:³

Basic Renewal Contract
Multi-Year Term
REV-11-05-2007

TYPE OF RENEWAL

- Check this box for a project renewed under Section 524(a) of MAHRA (not including a Mark-Up-To-Market renewal).
- Check this box for a project renewed at exception rents under Section 524(b)(1) of MAHRA.

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator⁴

Address of Contract Administrator

Name of Owner⁵

Address of Owner

2 TERM AND FUNDING OF RENEWAL CONTRACT

- a** The Renewal Contract begins on _____⁶ and shall run for a period of _____⁷ years.
- b** Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ _____,⁸ an amount sufficient to provide housing assistance payments for approximately _____⁹ months of the first annual increment of the Renewal Contract term.

-
- c** HUD will provide additional funding for the remainder of the first annual increment and for subsequent annual increments, including for any remainder of such subsequent annual increments, subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Anniversary. The annual recurrence of the date of the first day of the term of the Renewal Contract.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

Contract units. The units in the Project which are identified in Exhibit A by size and applicable contract rents.

Fifth year anniversary. The Renewal Contract annual anniversary that falls at expiration of each 5-year period of the Renewal Contract term.

Fifth year comparability adjustment. An adjustment of contract rents by the contract administrator at the Fifth Year Anniversary. The contract rent for each unit size is set at comparable rent as shown by comparability analysis.

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

Mid-term comparability adjustment. An adjustment of contract rents by the contract administrator within each 5-year period of the Renewal Contract term (in addition to the comparability analysis and adjustment at the Fifth Year Anniversary). The contract rent for each unit size is set at comparable rent as shown by comparability analysis.

OCAF. An operating cost adjustment factor established by HUD.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Project. The housing described in section 1 of the Renewal Contract.

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

4 RENEWAL CONTRACT

a Parties

- (1) The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).
- (2) If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (HUD requirements), section 10 (statutory changes during term) and section 11 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and section 524 of MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will expire prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

(1) The purpose of the Renewal Contract is to renew the expiring contract for an additional term. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract.

(2) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the Owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

a Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such

provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).

- b** All provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:
- (1)** Identification of contract units by size and applicable contract rents;
 - (2)** The amount of the monthly contract rents;
 - (3)** Contract rent adjustments; and
 - (4)** Project account (sometimes called “HAP reserve” or “project reserve”) as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.
- c** The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Initial contract rents

At the beginning of the Renewal Contract term, and until contract rents for units in the Project are adjusted in accordance with section 6b, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in Exhibit A of the Renewal Contract.

b Contract rent adjustments

(1) OCAF or Budget-Based Rent Adjustments

-
- (a) Except as provided in section 6b(2) below (concerning comparability adjustments at each Fifth Year Anniversary and discretionary comparability adjustments within each five-year term), during the term of the Renewal Contract the Contract Administrator shall annually, on the anniversary of the Renewal Contract, adjust the amounts of the monthly contract rents in accordance with HUD requirements by either of the following methods (as determined by the Contract Administrator in accordance with HUD requirements):
- (i) Using an OCAF; or
 - (ii) At the request of the owner, based on the budget for the Project, as approved by the Contract Administrator in accordance with HUD requirements.
- (b) Adjustments by use of the OCAF shall not result in a negative adjustment (decrease) of the contract rents. The OCAF shall not be used for adjustment of rent at each Fifth Year Anniversary (as determined in accordance with section 6b(2)(b) below).
- (2) **Comparability adjustments**
- (a) **Applicability.** This section 6b(2) is applicable only if the contract has been renewed pursuant to Section 524(a) of MAHRA. This section 6b(2) does not apply to a project renewed at exception rents under Section 524(b)(1) of MAHRA (See section 1 of the Renewal Contract).
- (b) **Fifth year adjustment (comparability adjustment at expiration of each 5-year period, *if applicable*).**
- (i) This section 6b(2)(b) is only applicable if the term of the Renewal Contract is longer than five (5) years (from the first day of the term specified in section 2a).

-
- (ii) At the expiration of each 5-year period of the Renewal Contract term (“Fifth Year Anniversary”), the Contract Administrator shall conduct a comparability analysis of existing contract rents. At such Fifth Year Anniversary of the Renewal Contract, the Contract Administrator shall make any adjustments in the monthly contract rents, as reasonably determined by the Contract Administrator in accordance with HUD requirements, necessary to set the contract rent for each unit size at comparable market rent. Such adjustment may result in a negative adjustment (decrease) or positive adjustment (increase) of the contract rents for one or more unit sizes.
- (iii) To assist in the redetermination of contract rents at each Fifth Year Anniversary, the Contract Administrator may require that the Owner submit to the Contract Administrator a rent comparability study prepared (at the Owner’s expense) in accordance with HUD requirements.
- (c) **Mid-term adjustment (discretionary comparability adjustment within 5-year term)**

In addition to the comparability analysis and adjustment of contract rents at the Fifth Year Anniversary, HUD may, at HUD’s discretion, require or permit the Contract Administrator to conduct a comparability analysis and adjustment of contract rents (“mid-term adjustment”), one more time within each 5-year period of the Renewal Contract term

(d) Adjusting contract rent

At the time of a fifth year or mid-term comparability adjustment, the Contract Administrator shall make any adjustments in the monthly contract rents, as reasonably determined by the Contract Administrator in accordance with HUD requirements, necessary to set the contract rent for each unit size at comparable rent. Such adjustment may result in a negative adjustment (decrease) or positive adjustment (increase) of the contract rents for one or more unit sizes.

(3) Procedure for rent adjustments during renewal term

- (a)** To adjust contract rents during the term of the Renewal Contract (including an OCAF or budget-based adjustment in accordance with section 6b(1), or a fifth year or midterm adjustment in accordance with section 6b(2)), the Contract Administrator shall give the Owner notice with a revised Exhibit A that specifies the adjusted contract rent amounts.
- (b)** The revised Exhibit A shall specify the adjusted contract rent amount for each bedroom size as determined by the Contract Administrator in accordance with this section. The adjustment notice by the Contract Administrator to the Owner shall specify when the adjustment of contract rent is effective.
- (c)** Notice of rent adjustment by the Contract Administrator to the Owner shall automatically constitute an amendment of the Renewal Contract.

(4) No other adjustments

Except for contract rent adjustments in accordance with this section, there shall not be any other adjustments of the contract rents during the term of the Renewal Contract. Special adjustments shall not be granted.

7 OWNER WARRANTIES

- a** The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.
- b** The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

- a** Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.
- b** If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent), shall not be applicable.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

- a** This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract (“ACC”) between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA’s obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

- a** The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner’s action or failure to act in connection with the Contract Administrator’s implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.
- b** The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.
- c** If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract (“ACC”) between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

- a** Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.
- b** A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

By: _____
Signature of authorized representative

Name and official title

Date _____

U.S. Department of Housing and Urban Development

By: _____
Signature of authorized representative

Name and official title

Date _____

Owner

Name of Owner

By: _____
Signature of authorized representative

Name and title

Date _____

EXHIBIT A

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

**Section 8 Contract Number:
FHA Project Number (if applicable):
Effective Date of the Rent Increase (if applicable):**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
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NOTE: This Exhibit will be amended by Contract Administrator notice to the Owner to specify adjusted contract rent amounts as determined by the Contract Administrator in accordance with section 6b of the Renewal Contract.

Comments:

Basic Renewal Contract
Multi-Year Term
REV-11-05-2007

**U.S. Department of Housing and Urban Development
Office of Housing**

PROJECT-BASED SECTION 8

**HOUSING ASSISTANCE PAYMENTS
RENEWAL CONTRACT
FOR MARK-UP-TO-MARKET PROJECT**

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Renewal Contract. The instructions are not part of the Renewal Contract.

**RENEWAL HAP CONTRACT
FOR SECTION 8 MARK-UP-TO-MARKET PROJECT¹**

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number:

Section 8 Project Number of Expiring Contract:

FHA Project Number (if applicable):

Project Name:

Project Description:³

- Check this box if the project is a Section 236 project or a Section 221(d)(3) below market interest rate (BMIR) project at the beginning of the Renewal Contract term.

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator⁴

Name of Owner

2 TERM AND FUNDING OF RENEWAL CONTRACT

- a** The Renewal Contract begins on ⁵ and shall run for a period of ⁶ years.
- b** Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ ⁷, an amount sufficient to provide housing assistance payments for approximately ⁸ months of the first annual increment of the Renewal Contract term.
- c** HUD will provide additional funding for the remainder of the first annual increment and for subsequent annual increments, including for any remainder of such subsequent annual increments, subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 RENEWAL CONTRACT

a Parties

- (1)** This contract ("Renewal Contract") is a housing assistance payments contract ("HAP contract") between the contract administrator and the owner of the housing.
- (2)** If HUD is the contract administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as contract administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract

("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 8 (applicable requirements), section 9 (statutory changes during term), section 10 (distributions) and section 11 (PHA default) of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 ("Section 8") (42 U.S.C. 1437f), and section 524(a) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) ** (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

c Expiring Contract

Previously, the owner entered into a Housing Assistance Payments Contract ("Expiring Contract") with HUD or a PHA to make Section 8 housing assistance payments to the owner for eligible families living in the project. The term of the Expiring Contract has expired or will expire prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

The purpose of the Renewal Contract is to renew the Expiring Contract for an additional term. During the term of the Renewal Contract, the contract administrator will make housing assistance payments to the owner in accordance with the provisions of the Renewal Contract. Such payments shall only be made for contract units occupied by eligible families ("families") leasing decent, safe and sanitary units from the owner in accordance with HUD regulations and other requirements.

e Contract units

The Renewal Contract applies to the project contract units identified in Exhibit A by size and applicable contract rents.

4 EXPIRING CONTRACT – PROVISIONS RENEWED

- a** Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).
- b** Any provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:
 - (1)** The amount of the monthly contract rents;
 - (2)** Contract rent adjustments;
 - (3)** Project account (sometimes called “HAP reserve” or “project reserve”) as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.
- c** The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section.

5 CONTRACT RENT

a Initial contract rents

At the beginning of the Renewal Contract term, and until contract rents for units in the project are adjusted in accordance with section 5b, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in Exhibit A, which is attached to and made a part of the Renewal Contract. The initial contract rent amounts listed in Exhibit A have been increased to market levels under the HUD Mark-Up-to-Market Option.

b Contract rent adjustments

(1) OCAF adjustment

Except for adjustment of the contract rents to comparable market rents at the expiration of each 5-year period (as provided in paragraph 5b(2) of this section) (“fifth year adjustment”), during the term of the Renewal Contract the

contract administrator shall annually, on the anniversary of the Renewal Contract, adjust the amounts of the monthly contract rents in accordance with HUD requirements, using an operating cost adjustment factor (OCAF) established by HUD. Such adjustments by use of the OCAF shall not result in a negative adjustment (decrease) of the contract rents. The OCAF shall not be used for a fifth year adjustment.

(2) Fifth year adjustment (comparability adjustment at expiration of each 5-year period, *if applicable*)

- (a)** This section 5(b)(2) is only applicable if the term of the Renewal Contract is longer than five (5) years (from the first day of the term specified in section 2a).
- (b)** At the expiration of each 5-year period of the Renewal Contract term, the contract administrator shall compare existing contract rents with comparable market rents for the market area. At such anniversary of the Renewal Contract, the contract administrator shall make any adjustments in the monthly contract rents, as reasonably determined by the contract administrator in accordance with HUD requirements, necessary to set the contract rents for all unit sizes at comparable market rents. Such adjustments may result in a negative adjustment (decrease) or positive adjustment (increase) of the contract rents for one or more unit sizes.
- (c)** To assist in the redetermination of contract rents, the contract administrator may require that the owner submit to the contract administrator a rent comparability study prepared (at the owner's expense) in accordance with HUD requirements.

(3) Procedure for rent adjustments during renewal term

To adjust contract rents during the term of the Renewal Contract (in accordance with paragraph 5b(1) or paragraph 5b(2)), the contract administrator shall give the owner notice of the revised Exhibit A. The revised Exhibit A shall specify the adjusted contract rent amount for each bedroom size as determined by the contract administrator in accordance with paragraph 5b(1) or paragraph 5b(2). The notice shall specify when the adjustment of contract rent is effective. The notice

by the contract administrator of the revised Exhibit A constitutes an amendment of the Renewal Contract.

(4) No other adjustments

Except for contract rent adjustments in accordance with paragraph 5b, there shall not be any other adjustments of the contract rents during the term of the Renewal Contract. Special adjustments shall not be granted.

6 OWNER WARRANTIES

- a The owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.
- b The owner warrants that the rental units to be leased by the owner under the Renewal Contract are in decent, safe and sanitary condition, as defined by HUD, and shall be maintained in such condition during the term of the Renewal Contract.

7 OWNER NOTICE

- a Before termination of the Renewal Contract, the owner shall provide written notice to the contract administrator and each assisted family in accordance with the law and HUD requirements.
- b If the owner fails to provide such notice in accordance with the law and HUD requirements, the owner may not increase the tenant rent payment for any assisted family until such time as the owner has provided such notice for the required period.

8 APPLICABLE REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including amendments or changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD regulations and requirements which are inconsistent with the provisions of the Renewal Contract, including the provisions of section 5 (contract rent) and section 10 (distributions), shall not be applicable.

9 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 5 or section 10 of the Renewal Contract, and if HUD determines, and so notifies the contract administrator and the owner, that the contract administrator is unable to carry out the provisions of section 5 or section 10 because of such statutory change, then the contract administrator or the owner may terminate the Renewal Contract upon notice to the other party.

10 DISTRIBUTIONS

During the term of the Renewal Contract, neither HUD nor the PHA may impose any additional limitations on distributions of project funds other than any distribution limitations specified in Exhibit B, which is attached to and made a part of this Renewal Contract.

11 PHA DEFAULT

- a** This section of the Renewal Contract applies if the contract administrator is a PHA acting as contract administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA contract administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA's obligation, as contract administrator, to make housing assistance payments to the owner in accordance with the provisions of the Renewal Contract, and that the owner is not in default of its obligations under the Renewal Contract, HUD will take actions HUD determines necessary for the continuation of housing assistance payments to the owner in accordance with the Renewal Contract.

12 SECTIONS 236 AND 221(D)(3) BMIR PROJECTS -- PREPAYMENT

- a** This section of the Renewal Contract shall be applicable if the project is a Section 236 project or a 221(d)(3) BMIR project (See the check-box at section 1 of the Renewal Contract).

-
- b During the term of the Renewal Contract, the owner shall not prepay any FHA-insured mortgage on the project, except where HUD, in its sole discretion, approves the prepayment as a component of a transaction whereby the project is preserved as affordable housing.

13 EXCLUSION OF THIRD-PARTY RIGHTS

- a The contract administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the owner's action or failure to act in connection with the contract administrator's implementation of the Renewal Contract, or as a result of any other action or failure to act by the owner.
- b The owner is not the agent of the contract administrator or HUD, and the Renewal Contract does not create or affect any relationship between the contract administrator or HUD and any lender to the owner or any suppliers, employees, contractors or subcontractors used by the owner in connection with implementation of the Renewal Contract.
- c If the contract administrator is a PHA acting as contract administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD, the contract administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the contract administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

14 WRITTEN NOTICES

Any notice by the contract administrator or the owner to the other party pursuant to the Renewal Contract must be in writing.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

By: _____
Signature of authorized representative

Name and official title

Date _____

U.S. Department of Housing and Urban Development

By: _____
Signature of authorized representative

Name and official title

Date _____

Owner

Name of Owner

By: _____
Signature of authorized representative

Name and title

Date _____

EXHIBIT A**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

Section 8 Contract Number:
FHA Project Number (if applicable):
Effective Date of the Rent Increase (if applicable):

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
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NOTE:

This Exhibit will be amended by contract administrator notice to the owner to specify adjusted contract rent amounts as determined by the contract administrator in accordance with section 5b(3) of the Renewal Contract.

Comments:

EXHIBIT B

DISTRIBUTION LIMITATIONS

FOR PROJECT NOT SUBJECT TO DISTRIBUTION LIMITATIONS:

If the project is not subject to any limitations on distribution of project funds, either pursuant to an FHA Regulatory Agreement or pursuant to the Expiring Contract, neither HUD nor the PHA may impose any additional limitations on distribution of project funds during the term of the Renewal Contract.

FOR PROJECT SUBJECT TO DISTRIBUTION LIMITATIONS:

If the project is subject to any limitations on distribution of project funds pursuant to an FHA Regulatory Agreement or pursuant to the Expiring Contract, such limitations on distribution shall continue to be applicable during the term of the Renewal Contract, provided that the owner may take an increased distribution as calculated and approved by HUD in accordance with Chapter Three of the Section 8 Renewal Policy Guidance for Renewal of Project-Based Section 8 Contracts, issued January, 2001 (the "Guidebook").

The owner shall comply with the distribution limitations. The maximum distribution to the owner shall be equal to the total of:

- 1 The limited distribution permitted pursuant to the FHA Regulatory agreement or the Expiring Contract, **plus**
- 2 Any increased distribution as approved by HUD in accordance with the Guidebook.

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

¹ This form of Renewal Contract is only to be used to renew an expiring Section 8 project-based HAP contract for a Section 8 project whose rents are increased to market under the HUD Mark-Up-to-Market Option. The Renewal Contract shall be entered in accordance with Section 524 of MAHRA and HUD requirements. Section 2 of the Renewal Contract specifies the contract term.

² To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

³ Enter a description of the housing that will be covered by the Renewal Contract. The description must clearly identify the housing by providing the address or other description of project location, and any other information necessary to clearly designate the covered housing.

If necessary, attach an exhibit with a site plan or other descriptive information. Enter a reference to the attached exhibit.

⁴ Enter the name of the contract administrator that executes the Renewal Contract. If HUD is the contract administrator, enter "United States of America – Department of Housing and Urban Development (HUD)". If the contract administrator is a public housing agency (PHA), enter the full name of the PHA.

⁵ The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

⁶ Enter a whole number of five or more years.

⁷ Enter the amount of funding obligated.

⁸ Enter a whole number of months.

U.S. Department of Housing and Urban Development
Office of Housing

Project-based Section 8
HOUSING ASSISTANCE PAYMENTS
PRESERVATION RENEWAL CONTRACT

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Preservation Renewal Contract. The instructions are not part of the Renewal Contract

TABLE OF SECTIONS

1 CONTRACT INFORMATION	1
PROJECT	1
2 TERM AND FUNDING OF RENEWAL CONTRACT	3
3 DEFINITIONS	4
4 RENEWAL CONTRACT	5
a Parties	5
b Statutory authority	5
c Expiring Contract	5
d Purpose of Renewal Contract	5
e Contract units	6
5 EXPIRING CONTRACT – PROVISIONS RENEWED	6
6 CONTRACT RENT	7
a Initial contract rents	7
b Contract rent adjustments in accordance with the Plan of Action 7	
d No other adjustments	7
7 OWNER WARRANTIES	8
8 OWNER TERMINATION NOTICE	8
9 HUD REQUIREMENTS	8
10 STATUTORY CHANGES DURING TERM	8
11 PHA DEFAULT	9

12 EXCLUSION OF THIRD-PARTY RIGHTS	9
13 WRITTEN NOTICES	
	10
SIGNATURES	11

**U.S. Department of Housing and Urban Development
Office of Housing**

Project-based Section 8

**HOUSING ASSISTANCE PAYMENTS
PRESERVATION RENEWAL CONTRACT¹**

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number:

Section 8 Project Number of Expiring Contract:

FHA Project Number (if applicable):

Project Name:

Project Description:³

Plan of Action

During the term of the Renewal Contract, the Owner shall operate the project in accordance with the Plan of Action, as submitted to HUD on _____, _____ (the "POA Submission") and as approved and/or amended by HUD on _____ (the "HUD's POA Approval Letter") (the POA Submission as amended by HUD's POA Approval Letter is hereinafter referred to as the "Plan of Action").

Use Agreement or Regulatory Agreement

During the term of the Renewal Contract, the Owner shall operate the Project in accordance with the Use Agreement or/and Regulatory Agreement. The Use Agreement and/or the Regulatory Agreement (as amended, if applicable) in effect at execution of this contract is/are described as follows: ⁴

Attached hereto as **Exhibit B** is HUD's POA Approval Letter and, if applicable, copies of any provisions from the following documents necessary to understand the rental adjustment provisions: the POA Submission, Use Agreement or Regulatory Amendment.

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator⁵

Address of Contract Administrator

Name of Owner⁶

Address of Owner

2 TERM AND FUNDING OF RENEWAL CONTRACT

- a** The Renewal Contract begins on _____⁷ and shall run for a period of _____⁸ year(s).
- b** Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ _____,⁹ an amount sufficient to provide housing assistance payments for approximately _____¹⁰ months of the first annual increment of the Renewal Contract term.
- c** HUD will provide additional funding for the remainder of the first annual increment and for subsequent annual increments, including for any remainder of such subsequent annual increments, subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Anniversary. The annual recurrence of the date of the first day of the term of the Renewal Contract.

Contract units. The units in the Project that are identified in **Exhibit A** by size and applicable contract rents.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Preservation Project. A project that is subject to a HUD-approved Plan of Action under the Emergency Low -Income Housing Preservation Act of 1987 (12 U.S.C. § 1715/ note) or the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. § 4113).

Project. The housing described in section 1 of the Renewal Contract. The housing is a Preservation Project.

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. § 1437f).

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

4 RENEWAL CONTRACT

a Parties

- (1)** The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).
- (2)** If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (applicable requirements), section 10 (statutory changes during term), and section 11 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. § 1437f), and section 524(e)(1) of the MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will expire prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

- (1)** The purpose of the Renewal Contract is to renew the expiring contract for an additional term. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract. Such payments provide to the owner rent benefits comparable to those provided under the Plan of Action in accordance with section 524(e)(1) of the MAHRA.

- (2) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

- a** Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).
- b** Any and all provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:
- (1) Identification of contract units by size and applicable contract rents;
 - (2) The amount of the monthly contract rents;
 - (3) Contract rent adjustments; and
 - (4) Project account (sometimes called “HAP reserve” or “project reserve”) as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. § 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.
- c** The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Initial contract rents

At the beginning of the Renewal Contract term, and until contract rents for units in the Project are adjusted in accordance with section 6b, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in **Exhibit A**, which is attached to and, by this reference, is hereby made a part of the Renewal Contract.

b Contract rent adjustments in accordance with the Plan of Action

During the term of the Plan of Action, the Contract Administrator shall adjust the amounts of the monthly contract rents in accordance with the Plan of Action. See **Exhibit B**.

c Procedure for rent adjustments during renewal term

- (1) To adjust contract rents during the term of the Renewal Contract the Contract Administrator shall give the Owner notice with a revised **Exhibit A** that specifies the adjusted contract rent amounts.
- (2) The revised **Exhibit A** shall specify the adjusted contract rent amount for each bedroom size as determined by the Contract Administrator in accordance with this section. The adjustment notice by the Contract Administrator to the Owner shall specify when the adjustment of contract rent is effective.
- (3) Notice of rent adjustment by the Contract Administrator to the Owner shall automatically constitute an amendment of the Renewal Contract.

d No other adjustments

Except for contract rent adjustments in accordance with this section, there shall not be any other adjustments of the contract rents during the term of the Renewal Contract. Special adjustments shall not be granted.

7 OWNER WARRANTIES

- a** The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.
- b** The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

- a** Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.
- b** If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent) shall not be applicable.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

- a** This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract (“ACC”) between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA’s obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

- a** The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner’s action or failure to act in connection with the Contract Administrator’s implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.
- b** The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.
- c** If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract (“ACC”) between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

- a** Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.
- b** A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

By: _____
Signature of authorized representative

Name and official title

Date _____

U.S. Department of Housing and Urban Development

By: _____
Signature of authorized representative

Name and official title

Date _____

Owner

Name of Owner

By: _____
Signature of authorized representative

Name and title

Date _____

EXHIBIT A

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

Section 8 Contract Number:
FHA Project Number (if applicable):
Effective Date of the Rent Increase (if applicable):

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
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NOTE: This Exhibit will be amended by Contract Administrator notice to the Owner to specify adjusted contract rent amounts as determined by the Contract Administrator in accordance with section 6b of the Renewal Contract.

EXHIBIT B
PLAN OF ACTION
(Attached hereto)

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

¹ This form of Renewal Contract is to be used for initial and subsequent renewals of an expiring Section 8 project-based HAP contract for a project that is subject to an approved Plan of Action under the Emergency Low-Income Housing Preservation Act of 1987 (12 U.S.C. 1715l note) or the Low-Income Housing Preservation and Residential Homeownership Act of 1990 (12 U.S.C. 1401 et seq.). Such renewals are entered pursuant to Section 524(e)(1) of MAHRA.

This term of renewal on this form shall only provide for renewal during the term of the Preservation Plan of Action, and shall not cover any period after the end of the Plan of Action. The Basic Renewal Contract shall be used to renew for any period after the period covered by the Plan of Action.

Section 2 of the Renewal Contract specifies the contract term.

² To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

³ Enter a description of the housing that will be covered by the Renewal Contract. The description must clearly identify the Project by providing the Project's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered Project.

If necessary, attach an exhibit with a site plan, legal description or other descriptive information. Enter a reference to the attached exhibit.

⁴ Enter the following information: the complete title of the Use Agreement or the Regulatory Agreement; any revision(s) to the Use Agreement or Regulatory Agreement; the date of each agreement; the names of the parties signing such agreements; and all relevant recording information for each agreement. For example: "Use Agreement and Amendment of Existing Regulatory Agreement, dated as of February 1, 1997, between ABC Associates and the Secretary of Housing and Urban Development, recorded in the Recorder's Office of Bergen County, New Jersey, in Deed Book 1 at page 2."

U.S. Department of Housing and Urban Development
Office of Affordable Housing Preservation

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS
INTERIM (FULL) MARK-TO-MARKET
RENEWAL CONTRACT

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Mark-To-Market, Interim Renewal Contract. The instructions are not part of the Renewal Contract

TABLE OF SECTIONS

1 CONTRACT INFORMATION	1
PROJECT	1
TYPE OF RENEWAL	2
2 TERM AND FUNDING OF RENEWAL CONTRACT	2
3 DEFINITIONS	3
4 RENEWAL CONTRACT	4
a Parties	4
b Statutory authority	4
c Expiring Contract	4
d Purpose of Renewal Contract	4
e Contract units	5
5 EXPIRING CONTRACT – PROVISIONS RENEWED	5
6 CONTRACT RENT	6
a Initial contract rents	6
b Contract rent adjustments	6
7 OWNER WARRANTIES, REPRESENTATIONS AND AGREEMENTS	6
8 OWNER TERMINATION NOTICE	8
9 HUD REQUIREMENTS	8
10 STATUTORY CHANGES DURING TERM	9

11 PHA DEFAULT	9
12 EXCLUSION OF THIRD-PARTY RIGHTS	9
13 WRITTEN NOTICES	10
SIGNATURES	11

**U.S. Department of Housing and Urban Development
Office of Housing**

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

INTERIM MARK-TO-MARKET RENEWAL CONTRACT¹

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number:

Section 8 Project Number of Expiring Contract:

FHA Project Number (if applicable):

Project Name:

Project Description:³

TYPE OF RENEWAL

Check this box for a project renewed under Section 514(c) of MAHRA.

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator⁴

Address of Contract Administrator

Name of Owner⁵

Address of Owner

2 TERM AND FUNDING OF RENEWAL CONTRACT

- a** The Renewal Contract begins on _____⁶ and shall terminate upon the date that is the earliest of: (i) _____ months from the date specified in section 2a (*insert number of months not to exceed 12 months*); (ii) the last day of the month of closing under the Restructuring Commitment; (iii) upon a final decision that results in the discontinuance of the Restructuring process; or (iv) upon determination that the Owner is in default under the Renewal Contract and that such event of default is continuing beyond any notice and cure periods under HUD requirements, if any.
- b** Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ _____,⁷ an amount sufficient to provide housing assistance payments for approximately _____⁸ months of the Renewal Contract term.

-
- c** HUD will provide additional funding for the remainder of the Renewal Contract term subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Contract units. The units in the Project that are identified in Exhibit A by size and applicable contract rents.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Project. The housing designated in section 1 of the Renewal Contract.

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

4 RENEWAL CONTRACT

a Parties

- (1) The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).
- (2) If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (HUD requirements), section 10 (statutory changes during term) and section 11 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and section 514(c) of the MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("Expiring Contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the Expiring Contract will expire or terminate by mutual consent of the parties prior to the beginning of the term of the Renewal Contract. Notwithstanding any provision of the Expiring Contract regarding the duration of that contract, the parties agree that the term of the Expiring Contract will be deemed to terminate prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

- (1) The purpose of the Renewal Contract is to renew the Expiring Contract for an additional term sufficient to facilitate the implementation of a mortgage restructuring and rental assistance sufficiency plan, as determined by HUD. The Renewal Contract constitutes a binding commitment for

purposes of section 579(b) of MAHRA. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract.

- (2) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

- a** Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).
- b** Any and all provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:
- (1) Identification of contract units by size and applicable contract rents;
 - (2) The amount of the monthly contract rents;
 - (3) Contract rent adjustments;

-
- (4) Project account (sometimes called “HAP reserve” or “project reserve”) as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term; and
 - (5) The submission of monthly accounting reports to HUD (if required by the Expiring Contract).
- c The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Initial contract rents

At the beginning of the Renewal Contract term, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in Exhibit A, which is attached to and, by this reference, is hereby made a part of the Renewal Contract.

b Contract rent adjustments

There shall be no contract rent adjustments during the term of the Renewal Contract.

7 OWNER WARRANTIES, REPRESENTATIONS AND AGREEMENTS

- a The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.
- b The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.
- c The Owner, in full compliance with the requirements of Section 514(b) of MAHRA and Section 401.500 of the Final Rule for the Multifamily Housing Mortgage and Housing Assistance Restructuring Program (the “Mark-to-Market Program”) issued on March 22, 2000 (65 FR 15452), warrants that it has provided, or will cause to be provided, the requisite written notice of the Owner's

intention to participate in the Mark-to-Market Program to: (i) the tenants residing in the Project; (ii) the chief official of the affected unit of local government having jurisdiction over the Project; and (iii) the current mortgagee on the Project's Loan(s).

- d** The Owner agrees to undertake all reasonable efforts to obtain any and all consents of third parties (e.g., the current mortgagee on the Project's Loan(s), the Owner's and, if applicable, the Purchaser's partners/investors that may be required in order to enable the Owner and, if applicable, the purchaser to execute a Restructuring Commitment and perform the related obligations in accordance with the Mark-to-Market Program's requirements.
- e** Except as identified on Exhibit B, which is attached to and made a part of this Renewal Contract, the Owner warrants that neither it nor any of its principals or affiliates is subject to, or received any notice of, any debarment, suspension or other administrative proceeding or investigation initiated by HUD, or any other federal or state government agency, with respect to such party or the Project.
- f** Except as identified on Exhibit B, the Owner warrants that neither it nor any of its principals or affiliates has engaged in any material adverse actions or omissions with regard to the Project, or with regard to any other project(s) subject to a HUD-held or HUD-insured loan and/or receiving HUD assistance, which causes, or may cause, the Owner, and/or such principals or affiliates to be in default (monetary or technical) under, or in violation of, any HUD regulatory agreement, Section 8 Housing Assistance Payments Contract or other applicable HUD requirements.
- g** Except as identified on Exhibit B, the Owner warrants that it has not received any notice from HUD or any other governmental authority that any unit(s) within the Project fail to comply with HUD's Section 8 Uniform Physical Condition Standards and/or local housing codes.
- h** The Owner agrees to proceed in good faith and in a diligent manner to enter into a Restructuring Commitment with HUD and to consummate closing under the Restructuring Commitment *on or before the expiration date of the Renewal Contract*. In connection with such obligation, the Owner agrees to, among other things: (A) promptly submit to the relevant participating administrative entity and its contractors and agents (hereinafter, collectively, the "PAE") all documents and information that may be requested by or on behalf of HUD relating to the Owner and/or the Project and to the extent any such documents or information are not in the Owner's

possession or control, the Owner hereby agrees that the Owner will undertake all reasonable efforts to obtain such documents and deliver them to the PAE within ten (10) calendar days of request by HUD; (B) promptly provide the PAE (and its contractors and agents) with access to the Project; (C) attend such meetings as the PAE (and its contractors and agents) may deem reasonably necessary in connection with the Owner's participation in the Mark-to-Market Program; and (D) undertake all reasonable efforts to obtain third-party financing if refinancing of the first mortgage is found necessary under Section CFR 401.460(e).

- i Upon the request of HUD, the Owner agrees that it shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications.
- j The Owner agrees to provide written notice to the Contract Administrator immediately upon a change in circumstances making any of the above-stated representations or warranties untrue or incomplete.

8 OWNER TERMINATION NOTICE

- a Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.
- b If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent), shall not be applicable.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

- a** This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA's obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

- a** The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with the Contract Administrator's implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.
- b** The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.

- c** If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract (“ACC”) between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

- a** Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.
- b** A party shall give notice at the other party’s address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party’s designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

By: _____
Signature of authorized representative

Name and official title

Date _____

U.S. Department of Housing and Urban Development

By: _____
Signature of authorized representative

Name and official title

Date _____

Owner

Name of Owner

By: _____
Signature of authorized representative

Name and title

Date _____

EXHIBIT A

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

**Section 8 Contract Number:
FHA Project Number (if applicable):
Effective Date of the Rent Increase (if applicable):**

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
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Comments:

EXHIBIT B¹

Any notice of, any debarment, suspension or other administrative proceeding or investigation initiated by HUD, or any other federal or state government agency, with respect to such party or the Project:

- 1.
- 2.

Any material adverse actions or omissions with regard to the Project:

- 1.
- 2.

Violations of section 8 uniform physical condition standards and/or local housing codes:

- 1.
- 2.

¹ Owner must provide information prior to execution. Insert the word "None" where applicable – *i.e.*, where there are no notices, violations, acts or omissions.

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

¹ This form of Renewal Contract **shall only be used** for Interim Mark-To-Market renewals of an expiring Section 8 project-based HAP contract in accordance with HUD requirements, and Sections 514(c) of MAHRA.

Section 2 of the Renewal Contract specifies the contract term.

² To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

³ Enter a description of the housing that will be covered by the Renewal Contract. The description must clearly identify the Project by providing the Project's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered Project.

If necessary, attach an exhibit with a site plan, legal description or other descriptive information. Enter a reference to the attached exhibit.

⁴ Enter the name of the Contract Administrator that executes the Renewal Contract. If HUD is the Contract Administrator, enter "United States of America – Department of Housing and Urban Development (HUD)". If the Contract Administrator is a public housing agency ("PHA"), enter the full legal name of the PHA.

⁵ Enter the full legal name of the Owner. For example: "ABC Corporation, Inc., a Maryland corporation."

⁶ The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

⁷ Enter the amount of funding obligated.

⁸ Enter a whole number of months.

U.S. Department of Housing and Urban Development
Office of Affordable Housing Preservation

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS
INTERIM (LITE) MARK-TO-MARKET
RENEWAL CONTRACT

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Mark-To-Market, Interim Renewal Contract. The instructions are not part of the Renewal Contract

TABLE OF SECTIONS

1 CONTRACT INFORMATION	1
PROJECT	1
TYPE OF RENEWAL	2
2 TERM AND FUNDING OF RENEWAL CONTRACT	2
3 DEFINITIONS	3
4 RENEWAL CONTRACT	4
a Parties	4
b Statutory authority	4
c Expiring Contract	4
d Purpose of Renewal Contract	5
e Contract units	5
5 EXPIRING CONTRACT – PROVISIONS RENEWED	5
6 CONTRACT RENT	6
a Initial contract rents	6
b Contract rent adjustments	6
7 OWNER WARRANTIES, REPRESENTATIONS AND AGREEMENTS	6
8 OWNER TERMINATION NOTICE	7
9 HUD REQUIREMENTS	7
10 STATUTORY CHANGES DURING TERM	7

11 PHA DEFAULT	7
12 EXCLUSION OF THIRD-PARTY RIGHTS	8
13 WRITTEN NOTICES	8
SIGNATURES	9

**U.S. Department of Housing and Urban Development
Office of Housing**

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

INTERIM MARK-TO-MARKET RENEWAL CONTRACT¹

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number:

Section 8 Project Number of Expiring Contract:

FHA Project Number (if applicable):

Project Name:

Project Description:³

TYPE OF RENEWAL

Check this box for a project renewed under Section 514(c) of MAHRA.

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator⁴

Address of Contract Administrator

Name of Owner⁵

Address of Owner

2 TERM AND FUNDING OF RENEWAL CONTRACT

- a** The Renewal Contract begins on ⁶ and shall terminate upon the date that is the earliest of: (i) twelve (12) months from the date specified in section 2a (*insert number of months not to exceed 12 months*); (ii) the last day of the month of closing under the Restructuring Commitment; (iii) upon a final decision that results in the discontinuance of the Restructuring process; or (iv) upon determination that the Owner is in default under the Renewal Contract and that such event of default is continuing beyond any notice and cure periods under HUD requirements, if any.
- b** Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ ⁷, an amount sufficient to provide housing assistance payments for approximately ⁸ months of the Renewal Contract term.

-
- c** HUD will provide additional funding for the remainder of the Renewal Contract term subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Contract units. The units in the Project which are identified in Exhibit A by size and applicable contract rents.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Project. The housing designated in section 1 of the Renewal Contract.

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

4 RENEWAL CONTRACT

a Parties

- (1) The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).
- (2) If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (applicable requirements), section 10 (statutory changes during term) and section 11 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and section 514 of MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will expire or terminate prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

- (1) The purpose of the Renewal Contract is to renew the expiring contract for an additional term sufficient to facilitate the implementation of a mortgage restructuring and rental assistance sufficiency plan, as determined by HUD. The Renewal Contract constitutes a binding commitment for purposes of section 579(b) of MAHRA. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract.
- (2) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

- a Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).
- b Any and all provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:
 - (1) Identification of contract units by size and applicable contract rents;
 - (2) The amount of the monthly contract rents;

-
- (3) Contract rent adjustments; and
 - (4) Project account (sometimes called “HAP reserve” or “project reserve”) as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.

- c The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Initial contract rents

At the beginning of the Renewal Contract term, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in Exhibit A, which is attached to and, by this reference, is hereby made a part of the Renewal Contract.

b Contract rent adjustments

There shall be no contract rent adjustments during the term of the Renewal Contract.

7 OWNER WARRANTIES, REPRESENTATIONS AND AGREEMENTS

- a The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.
- b The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

- a** Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.
- b** If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent), shall not be applicable.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

- a** This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA's obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal

Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

- a** The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with the Contract Administrator's implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.
- b** The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.
- c** If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

- a** Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.
- b** A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

By: _____
Signature of authorized representative

Name and official title

Date _____

U.S. Department of Housing and Urban Development

By: _____
Signature of authorized representative

Name and official title

Date _____

Owner

Name of Owner

By: _____
Signature of authorized representative

Name and title

Date _____

EXHIBIT A

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

**Section 8 Contract Number:
FHA Project Number (if applicable):
Effective Date of the Rent Increase (if applicable):**

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
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NOTE: This Exhibit will be amended by Contract Administrator notice to the Owner to specify adjusted contract rent amounts as determined by the Contract Administrator in accordance with section 6b of the Renewal Contract.

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

¹ This form of Renewal Contract **shall only be used** for Interim Mark-To-Market renewals of an expiring Section 8 project-based HAP contract in accordance with HUD requirements, and Sections 514(c) of MAHRA.

Section 2 of the Renewal Contract specifies the contract term.

² To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

³ Enter a description of the housing that will be covered by the Renewal Contract. The description must clearly identify the Project by providing the Project's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered Project.

If necessary, attach an exhibit with a site plan, legal description or other descriptive information. Enter a reference to the attached exhibit.

⁴ Enter the name of the Contract Administrator that executes the Renewal Contract. If HUD is the Contract Administrator, enter "United States of America – Department of Housing and Urban Development (HUD)". If the Contract Administrator is a public housing agency ("PHA"), enter the full legal name of the PHA.

⁵ Enter the full legal name of the Owner. For example: "ABC Corporation, Inc., a Maryland corporation."

⁶ The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

⁷ Enter the amount of funding obligated.

⁸ Enter a whole number of months.

U.S. Department of Housing and Urban Development
Office of Affordable Housing Preservation

Project-based Section 8
HOUSING ASSISTANCE PAYMENTS
FULL MARK-TO-MARKET RENEWAL CONTRACT

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Full Mark-To-Market Renewal Contract. The instructions are not part of the Renewal Contract

TABLE OF SECTIONS

1 CONTRACT INFORMATION	1
PROJECT	1
TYPE OF RENEWAL	2
2 TERM AND FUNDING OF RENEWAL CONTRACT	2
3 DEFINITIONS	3
4 RENEWAL CONTRACT	4
a Parties	4
b Statutory authority	4
c Expiring Contract	5
d Purpose of Renewal Contract	5
e Contract units	5
5 EXPIRING CONTRACT – PROVISIONS RENEWED	5
6 CONTRACT RENT	6
a Initial contract rents	6
b Contract rent adjustments	6
(1) OCAF	6
(2) Procedure for rent adjustments during renewal term	6
(3) No other adjustments	8
7 OWNER WARRANTIES	9
8 OWNER TERMINATION NOTICE	9

9 PHYSICAL CONDITION AND FINANCIAL REPORTING REQUIREMENTS	9
10 HUD REQUIREMENTS	10
11 STATUTORY CHANGES DURING TERM	10
12 PHA DEFAULT	10
13 EXCLUSION OF THIRD-PARTY RIGHTS	10
14 WRITTEN NOTICES	11
SIGNATURES	12

**U.S. Department of Housing and Urban Development
Office of Housing**

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

FULL MARK-TO-MARKET RENEWAL CONTRACT¹

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number:

Section 8 Project Number of Expiring Contract:

FHA Project Number (if applicable):

Project Name:

Project Description³

TYPE OF RENEWAL

Check this box for a project renewed under Section 515(a) of MAHRA

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator⁴

Address of Contract Administrator

Name of Owner⁵

Address of Owner

2 TERM AND FUNDING OF RENEWAL CONTRACT

- a** The Renewal Contract begins on ⁶ and shall run for a period of ⁷ years.
- b** Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ ⁸, an amount sufficient to provide housing assistance payments for approximately ⁹ months of the first annual increment of Renewal Contract term.

-
- c** HUD will provide additional funding for the remainder of the first annual increment and for subsequent annual increments, including for any remainder of such subsequent annual increments, subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Anniversary. The annual recurrence of the date of the first day of the term of the Renewal Contract.

Contract units. The units in the Project which are identified in Exhibit A by size and applicable contract rents.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. The Restructuring Commitment, HUD regulations and other requirements, including amendments to the Restructuring Commitment and changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

OCAF. An operating cost adjustment factor established by HUD.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Project. The housing designated in section 1 of the Renewal Contract.

Restructuring Commitment. That certain executed Restructuring Commitment previously entered into by Owner and Contract Administrator in connection with the Owner's participation in the Mark-to-Market Program.

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

4 RENEWAL CONTRACT

a Parties

- (1)** The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).
- (2)** If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 10 (HUD requirements), section 11 (statutory changes during term) and section 12 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and section 515(a) of the MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will expire or terminate prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

(1) The purpose of the Renewal Contract is to renew the expiring contract for an additional term. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract.

(2) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

a Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).

b Any and all provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:

-
- (1) Identification of contract units by size and applicable contract rents;
 - (2) The amount of the monthly contract rents;
 - (3) Contract rent adjustments; and
 - (4) Project account (sometimes called “HAP reserve” or “project reserve”) as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.
- c The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Initial contract rents

At the beginning of the Renewal Contract term, and until contract rents for units in the Project are adjusted in accordance with section 6b, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in Exhibit A, which is attached to and, by this reference, is hereby made a part of the Renewal Contract.

b Contract rent adjustments

(1) OCAF

During the term of the Renewal Contract the Contract Administrator shall annually, on the anniversary of the Renewal Contract, adjust the amounts of the monthly contract rents in accordance with HUD requirements by using an OCAF.

(2) Procedure for rent adjustments during renewal term

(a) To adjust contract rents during the term of the Renewal Contract, the Contract Administrator shall give the Owner

notice with a revised Exhibit A that specifies the adjusted contract rent amounts.

(b) The revised Exhibit A shall specify the adjusted contract rent amount for each bedroom size as determined by the Contract Administrator in accordance with this section. The adjustment notice by the Contract Administrator to the Owner shall specify when the adjustment of contract rent is effective.

(c) If this box is checked , the initial contract rent, as stated in Exhibit A, constitutes an exception rent based on the actual and projected costs of operating the Project, as provided under section 514(g)(3) of MAHRA. Actual market rents are:

- bedroom:

Should the Project anytime during the term of the Renewal Contract receive other government assistance, including but not limited to any loan, grant, credit, tax benefit, or any other form of direct or indirect assistance such as tax credits under Federal, State or local law, the Owner shall provide HUD with written notice, no more than 30 days following receipt of notification from the governmental authority issuing the assistance that such assistance has been or will be awarded. The written notice will identify the type and amount of the assistance awarded, the government entity providing such assistance, and the date of the award. HUD will review the underwriting projections resulting from the receipt of other government assistance, and if HUD determines that Project operating expenses, debt service, and/or required replacement reserve contributions will decrease as a

result of the Project's receipt of other government assistance, HUD may adjust the contract rents downward to the greatest of the following:

- Actual market rents as noted above, adjusted upwards using the appropriate OCAF adjustment factor, compounded annually from the origination date of the renewal contract, per HUD guidelines;
- Revised exception rent after applying the other government assistance, which is determined to decrease operating expenses, debt service, and/or required replacement reserve contribution; and
- Market rents that reflect improvements to the Project (as improved rents) resulting from the application of the additional government assistance, not to exceed the contract rent then in effect. The owner must submit to HUD a rent comparability study (RCS) prepared (at the owner's expense) in accordance with HUD requirements. HUD will have sole discretion to review and adjust the rents provided in the RCS to eliminate upward adjustments attributable to improvements that exceed the M2M Program's non-luxury standard. The rent comparability study must be submitted to HUD along with the notification of the award of the other governmental assistance.

If the additional government assistance is provided in conjunction with a transaction requiring prior HUD approval, such as, an assumption/subordination of Mark-to-Market debt, a TPA, or the approval of a new FHA insured first mortgage, the owner must notify the HUD official approving that transaction of the requirements of this Section. No additional notification of HUD or the Section 8 Contract Administrator staff will be required.

If new secured debt and/or tax credit equity is involved, the owner shall submit pro-forma estimates of the operating expenses, debt service, and replacement reserves that will be required after the application of the additional government assistance. These estimates will be reviewed by HUD in its process of determining a possible contract rent adjustment.

(d) Notice of rent adjustment by the Contract Administrator to the Owner shall automatically constitute an amendment of the Renewal Contract.

(3) No other adjustments

Except for contract rent adjustments in accordance with this section, there shall not be any other adjustments of the contract rents during the term of the Renewal Contract. Special adjustments shall not be granted.

7 OWNER WARRANTIES

- a** The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.
- b** The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

- a** Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.
- b** If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 PHYSICAL CONDITION AND FINANCIAL REPORTING REQUIREMENTS

- a** The Owner shall comply with HUD's Physical Condition Standards and Inspection Requirements of 24 CFR part 5, subpart G, including any changes in the regulations and related Directives. In addition, the Owner shall comply with HUD's Physical Condition Standards of Multifamily Properties of 24 CFR part 200, subpart P, including any changes in the regulation and related Directives. This obligation shall apply both during the current term of the HAP contract and during each successive renewal term.
- b** The Owner shall comply with HUD's Uniform Financial Reporting Standards of 24 CFR, part 5, subpart H, including any changes in the regulation and related Directives. This obligation shall apply during the current term of the HAP contract and for each successive renewal term.
- c** This section 9 of the Renewal Contract shall not be construed to limit the requirements referred to in section 10 of the Renewal Contract.

10 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, the Restructuring Commitment, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent), shall not be applicable.

11 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

12 PHA DEFAULT

- a** This section 12 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract (“ACC”) between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA’s obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

13 EXCLUSION OF THIRD-PARTY RIGHTS

- a** The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with the Contract Administrator’s implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.
- b** The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.
- c** If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract (“ACC”) between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

14 WRITTEN NOTICES

- a** Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.
- b** A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

By: _____
Signature of authorized representative

Name and official title

Date _____

U.S. Department of Housing and Urban Development

By: _____
Signature of authorized representative

Name and official title

Date _____

Owner

Name of Owner

By: _____
Signature of authorized representative

Name and title

Date _____

EXHIBIT A

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

**Section 8 Contract Number:
FHA Project Number (if applicable):
Effective Date of the Rent Increase (if applicable):**

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
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NOTE: This Exhibit will be amended by Contract Administrator notice to the Owner to specify adjusted contract rent amounts as determined by the Contract Administrator in accordance with section 6b of the Renewal Contract.

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

¹ This form of Renewal Contract must be used for initial and subsequent renewals of an expiring Section 8 project-based HAP contract in accordance with HUD requirements and Section 515(a) of MAHRA.

This form may **not** be used for: Interim Mark-To-Market Renewals; Watch List Renewals; Basic Renewals; Mark-Up-To-Market Renewals; nor Portfolio Reengineering Demonstration or Preservation Renewals.

Section 2 of the Renewal Contract specifies the contract term.

² To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

³ Enter a description of the housing that will be covered by the Renewal Contract. The description must clearly identify the Project by providing the Project's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered Project.

If necessary, attach an exhibit with a site plan, legal description or other descriptive information. Enter a reference to the attached exhibit.

⁴ Enter the name of the Contract Administrator that executes the Renewal Contract. If HUD is the Contract Administrator, enter "United States of America – Department of Housing and Urban Development (HUD)". If the Contract Administrator is a public housing agency ("PHA"), enter the full legal name of the PHA.

⁵ Enter the full legal name of the Owner. For example: "ABC Corporation, Inc., a Maryland corporation."

⁶ The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

U.S. Department of Housing and Urban Development
Office of Affordable Housing Preservation

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS
WATCH LIST RENEWAL CONTRACT

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Watch List Renewal Contract. The instructions are not part of the Renewal Contract

TABLE OF SECTIONS

1 CONTRACT INFORMATION	1
PROJECT	1
TYPE OF RENEWAL	2
2 TERM AND FUNDING OF RENEWAL CONTRACT	2
3 DEFINITIONS	3
4 RENEWAL CONTRACT	4
a Parties	4
b Statutory authority	4
c Expiring Contract	4
d Purpose of Renewal Contract	4
e Contract units	6
5 EXPIRING CONTRACT – PROVISIONS RENEWED	6
6 CONTRACT RENT	7
a Contract rents	7
b Contract rent adjustments	7
7 OWNER WARRANTIES	7
8 OWNER TERMINATION NOTICE	7
9 HUD REQUIREMENTS	8
10 STATUTORY CHANGES DURING TERM	8
11 PHA DEFAULT	8

12 EXCLUSION OF THIRD-PARTY RIGHTS	9
13 WRITTEN NOTICES	9
SIGNATURES	10

**U.S. Department of Housing and Urban Development
Office of Housing**

Project-based Section 8

**HOUSING ASSISTANCE PAYMENTS
WATCH LIST RENEWAL CONTRACT¹**

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number:

Section 8 Project Number of Expiring Contract:

FHA Project Number (if applicable):

Project Name:

Project Description:³

TYPE OF RENEWAL

- Check this box for a Watch List project renewed under Section 524(a) of MAHRA (while retaining eligibility under the Mark-To-Market Program).

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator⁴

Address of Contract Administrator

Name of Owner⁵

Address of Owner

2 TERM AND FUNDING OF RENEWAL CONTRACT

- a** The Renewal Contract begins on _____⁶ and shall run for a period of one year.
- b** Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ _____,⁷ an amount sufficient to provide housing assistance payments for approximately _____⁸ months of the Renewal Contract term.
- c** HUD will provide additional funding for the remainder of the Renewal Contract term subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the

approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Contract units. The units in the Project which are identified in Exhibit A by size and applicable contract rents.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Project. The housing designated in section 1 of the Renewal Contract.

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

4 RENEWAL CONTRACT

a Parties

- (1)** The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).
- (2)** If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (applicable requirements), section 10 (statutory changes during term) and section 11 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and section 524 of the MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will expire or terminate prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

- (1)** The purpose of the Renewal Contract is to renew the expiring contract for an additional term. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract.

-
- (2) The Renewal Contract also constitutes a binding commitment for purposes of section 579 of MAHRA. In accordance with section 514 of MAHRA, the project will remain eligible for full debt restructuring if and only if prior to the expiration of this renewal contract, or any renewal thereof, the owner and HUD mutually agree to terminate this contract and then enter into a new HAP contract, at current rents, pursuant to section 514(c) of MAHRA. In addition, if prior to the expiration of this renewal contract, the owner requests re-entry into the Mark-to-Market Program, it must submit a Contract Renewal Request Form for Reelection (see Attachment 3a(2) of HUD's section 8 Renewal Guide) thirty (30) days prior to such sunset date. HUD reserves the right to reassess the Project's eligibility for debt restructuring at the time such Request Form for Reelection is submitted. If a reelection to full debt restructuring has occurred, HUD will offer the Owner an interim restructuring contract (the "Interim Full Renewal Contract") at current rents (i.e., the market rents determined in this Renewal Contract), subject to the availability of appropriations in any year. Any such Interim Full Renewal Contract will be entered into pursuant to section 514(c) of MAHRA and will contain language that the Interim Renewal Contract shall be considered a "binding commitment", as that phrase is used in section 579, during the entire term of that Interim Renewal Contract.
- (3) If HUD determines that the project is eligible for full debt restructuring, the Owner and HUD will amend this contract in its entirety by entering into a new HAP contract, at current rents (i.e., the market rents determined in this Watch List Renewal Contract). HUD will offer the Owner an interim full contract (the "Interim Full Renewal Contract") for up to twelve months at current rents subject to the availability of appropriations in any year. Any such Interim Renewal Contract will be entered into pursuant to section 514(c) of MAHRA and will contain language that the Interim Renewal Contract shall be considered a "binding commitment", as that used in section 579, during the entire term of that Interim Renewal Contract.

-
- (4) If HUD determines that the property is no longer eligible for a full debt restructuring, HUD may decide, among other things, to: (a) offer the owner a Basic Renewal Contract; (b) continue the property on the Watch List; (c) refer the project to HUD's enforcement division; or (d) take other action as appropriate.
 - (5) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

- a Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).
- b Any and all provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:
 - (1) Identification of contract units by size and applicable contract rents;
 - (2) The amount of the monthly contract rents;
 - (3) Contract rent adjustments; and
 - (4) Project account (sometimes called "HAP reserve" or "project reserve") as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42

U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.

- c** The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Contract rents

Throughout the Renewal Contract term, the contract rent for each bedroom size (number of bedrooms) shall be the contract rent amount listed in Exhibit A, which is attached to and, by this reference, is hereby made a part of the Renewal Contract.

b Contract rent adjustments

There shall be no contract rent adjustments during the term of the Renewal Contract. Special adjustments shall not be granted.

7 OWNER WARRANTIES

- a** The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.
- b** The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

- a** Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.

-
- b** If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent), shall not be applicable. The Owner will submit, for the term of this contract, monthly accounting reports, as prescribed in HUD Handbook 4370.1, to the Multifamily HUB/Program Center Project Manager evidencing the financial condition of the project covered under this contract.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

- a** This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA's obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal

Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

- a** The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with the Contract Administrator's implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.
- b** The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.
- c** If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

- a** Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.
- b** A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

By: _____
Signature of authorized representative

Name and official title

Date _____

U.S. Department of Housing and Urban Development

By: _____
Signature of authorized representative

Name and official title

Date _____

Owner

Name of Owner

By: _____
Signature of authorized representative

Name and title

Date _____

EXHIBIT A

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

**Section 8 Contract Number:
FHA Project Number (if applicable):
Effective Date of the Rent Increase (if applicable):**

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
--	--------------------------------------	---------------------------------	-------------------------------------	------------------------------

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

¹ This form of Renewal Contract is only to be used to renew a Watch List Contract where HUD and the Owner wish to retain the Project's eligibility under the Mark-To-Market Program.

Section 2 of the Renewal Contract specifies the contract term.

² To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

³ Enter a description of the housing that will be covered by the Renewal Contract. The description must clearly identify the Project by providing the Project's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered Project.

If necessary, attach an exhibit with a site plan, legal description or other descriptive information. Enter a reference to the attached exhibit.

⁴ Enter the name of the Contract Administrator that executes the Renewal Contract. If HUD is the Contract Administrator, enter "United States of America – Department of Housing and Urban Development (HUD)". If the Contract Administrator is a public housing agency ("PHA"), enter the full legal name of the PHA.

⁵ Enter the full legal name of the Owner. For example: "ABC Corporation, Inc., a Maryland corporation."

⁶ The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

⁷ Enter the amount of funding obligated.

⁸ Enter a whole number of months.

**U.S. Department Of Housing And Urban Development
Office of Housing**

**PROJECT-BASED ASSISTANCE
HOUSING ASSISTANCE PAYMENTS CONTRACT**

For Previous Mod Rehab Projects

PREPARATION OF HAP CONTRACT

Instructions on preparation of the HAP Contract are attached at the end of the HAP Contract text. Reference numbers in the text of section 1 of the contract refer to notes at the end of the contract text.

**PROJECT-BASED ASSISTANCE
HOUSING ASSISTANCE PAYMENT CONTRACT**

TABLE OF CONTENTS

**HAP CONTRACT
PART 1**

1. CONTRACT INFORMATION..... 1

A. PROJECT 1

B. CONTENTS OF CONTRACT..... 1

C. CONTRACT EXHIBITS 2

D. EFFECTIVE DATE, TERM, AND FUNDING OF HAP CONTRACT..... 2

i. Effective date..... 2

ii. Length of term and funding..... 2

E. PARTIES TO HAP CONTRACT 3

PART 2

2. DEFINITIONS..... 1

3. PURPOSE 3

4. OCCUPANCY AND PAYMENT..... 3

A. PAYMENT FOR OCCUPIED UNITS..... 3

B. OCCUPANCY BY ELIGIBLE FAMILIES..... 4

C. VACANCY PAYMENT 4

**D. COMPENSATION FOR DAMAGES, UNPAID RENT AND OTHER
 AMOUNTS DUE UNDER THE LEASE 4**

5. HOUSING ASSISTANCE PAYMENTS 5

A. HUD RENT REQUIREMENTS 5

B. CA PAYMENT TO OWNER..... 5

6. CONTRACT RENT 6

- A. INITIAL CONTRACT RENTS..... 6
- B. CONTRACT RENT ADJUSTMENTS..... 6
- C. OWNER COMPLIANCE WITH HAP CONTRACT..... 9
- 7. OWNER RESPONSIBILITY 9
- 8. OWNER CERTIFICATION 10
- 9. CONDITION OF UNITS..... 11
 - A. OWNER MAINTENANCE AND OPERATION 11
 - B. CA INSPECTION 11
 - C. VIOLATION OF PCS 11
 - D. MAINTENANCE AND REPLACEMENT -- OWNER'S STANDARD PRACTICE..... 11
- 10. LEASING CONTRACT UNITS 12
- 11. TENANCY..... 12
 - A. LEASE 12
 - B. TERMINATION OF TENANCY 12
 - C. FAMILY PAYMENT 12
 - D. OTHER OWNER CHARGES 13
 - E. SECURITY DEPOSIT 13
- 12. RESERVE FOR REPLACEMENTS 13
- 13. OVERCROWDED AND UNDEROCCUPIED UNITS..... 13
- 14. PROHIBITION OF DISCRIMINATION..... 14
- 15. REDUCTION OF CONTRACT UNITS..... 14
- 16. OWNER DEFAULT AND CA REMEDIES..... 15
 - A. OWNER DEFAULT 15
 - B. CA REMEDIES 15
 - C. CA REMEDY IS NOT WAIVED 16
- 17. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS REQUIRED BY HUD OR CA..... 16
 - A. REQUIRED INFORMATION 16

B.	CA AND HUD ACCESS TO PROJECT	16
18.	CA AND OWNER RELATION TO THIRD PARTIES.....	16
A.	INJURY BECAUSE OF OWNER ACTION OR FAILURE TO ACT.....	16
B.	LEGAL RELATIONSHIP.....	17
C.	EXCLUSION OF THIRD PARTY CLAIMS.....	17
D.	OWNER’S CLAIMS AGAINST HUD.....	17
19.	CONFLICT OF INTEREST.....	17
A.	PROHIBITED INTEREST	17
B.	DEFINITIONS.....	17
C.	DISCLOSURE.....	18
D.	HUD WAIVER.....	18
E.	INTEREST OF MEMBER OF CONGRESS.....	19
20.	EXCLUSION FROM FEDERAL PROGRAMS.....	19
A.	FEDERAL REQUIREMENTS	19
B.	DISCLOSURE.....	19
21.	TRANSFER OF THE CONTRACT, PROPERTY, AND OWNERSHIP ENTITY.....	19
A.	WHEN CONSENT IS REQUIRED.....	19
B.	TRANSFeree ASSUMPTION OF HAP CONTRACT	20
C.	EFFECT OF CONSENT TO TRANSFER.....	21
D.	WHEN TRANSFER IS PROHIBITED	21
22.	OWNER DISCLOSURE OF OTHER GOVERNMENT ASSISTANCE.....	21
23.	OWNER LOBBYING CERTIFICATIONS	21
24.	NOTICES AND OWNER CERTIFICATIONS.....	22
25.	HUD REQUIREMENTS.....	22
26.	STATUTORY CHANGES DURING TERM.....	22
27.	PHA DEFAULT	23
28.	ENTIRE AGREEMENT	23

HAP Contract Number: _____

U.S. Department Of Housing and Urban Development
Office of Housing
PROJECT-BASED SECTION 8

HOUSING ASSISTANCE PAYMENTS
RENEWAL CONTRACT

PART 1

1. CONTRACT INFORMATION¹

a. Project

Section 8 Project Number _____

FHA Project Number (if applicable) _____

Project Name: _____

Project Description²

b. Contents of contract

This is a housing assistance payments renewal contract (hereinafter "HAP Contract") between HUD and the Owner. The HAP Contract consists of Part 1, Part 2 and the

contract exhibits listed in paragraph c.

c. Contract exhibits

The HAP Contract includes the following exhibits:

EXHIBIT A DESCRIPTION OF CONTRACT UNITS

THIS EXHIBIT SPECIFIES THE NUMBER OF CONTRACT UNITS BY UNIT SIZE (NUMBER OF BEDROOMS), APPLICABLE INITIAL CONTRACT RENTS, AND (IF THE HAP CONTRACT IS A STAGED CONTRACT) THE EFFECTIVE DATE OF EACH STAGE.³

EXHIBIT B SERVICES, MAINTENANCE AND UTILITIES TO BE PROVIDED BY THE OWNER

ADDITIONAL EXHIBITS:⁴

d. Effective date, term, and funding of HAP Contract

i. Effective date

- 1) If the HAP Contract is not a staged contract, the effective date for all contract units is:
_____.
- 2) If the HAP Contract is a staged contract, the effective date for each stage is set forth on Exhibit A attached hereto.

ii. Length of term and funding

- 1) The term of the HAP Contract for all contract units shall end on _____.

- 2) Execution of the HAP Contract is an obligation by HUD of \$ _____, an amount sufficient to provide housing assistance payments for approximately _____ months of the first annual increment of the HAP Contract term.
- 3) HUD will provide additional funding for the remainder of the first annual increment and for subsequent annual increments, including for any remainder of such subsequent annual increments, subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the remainder of the term to which it will be applied.
- 4) Owner hereby acknowledges and agrees that it will accept any offer of renewal of the HAP Contract if the offer is in accordance with the terms and conditions specified in the Restructuring Commitment.

e. Parties to HAP Contract

Name of Contract Administrator:

Address of Contract Administrator:

Name of Owner:

Address of Owner

EXECUTION OF HAP CONTRACT

**CONTRACT ADMINISTRATOR
(CA)**

By: _____
Signature of authorized representative

Name and official title (Print)

Date _____

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
(HUD)**

By: _____
Signature of authorized representative

Name and official title (Print)

Date _____

OWNER

Name of Owner (Print)

By _____
Signature of authorized representative

Name and title (Print)

Date _____

**U.S. Department Of Housing and Urban Development
Office of Housing**

PROJECT-BASED ASSISTANCE

HOUSING ASSISTANCE PAYMENTS

RENEWAL CONTRACT

PART 2

2. DEFINITIONS

CA. Contract administrator. The agency that has entered into the HAP Contract with the Owner. The agency is HUD or a public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

Contract rent. The total monthly rent payable to the Owner for a contract unit, including the tenant rent. Contract rent includes payment for any housing services, maintenance and utilities to be provided by the Owner in accordance with the HAP Contract.

Contract units. The housing units covered by this HAP Contract. The contract units are described in Exhibit A by unit size (number of bedrooms) and applicable initial contract rents.

Family. The persons selected by the Owner in accordance with HUD Requirements to reside in a contract unit with Section 8 assistance.

HAP Contract. This housing assistance payments contract between the CA and the Owner. The contract consists of Part 1, Part 2, and the contract exhibits (listed in paragraph 1.c of the HAP Contract).

HUD. U.S. Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the HAP Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384ff), as amended by section 531 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2000 (Public Law No. 106-74, October 20, 1999,113 Stat. 1109ff).

OCAF. An operating cost adjustment factor established by HUD.

PHA. A public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Physical condition standards (PCS). The HUD minimum physical condition standards for dwelling units occupied by families receiving Section 8 project-based assistance.

Principal or interested party. This term includes a management agent and other persons or entities participating in project management, and the officers and principal members, shareholders, investors, and other parties having a substantial interest in the HAP Contract, or in any proceeds or benefits arising from the HAP Contract.

Project. The housing designated in paragraph 1.a of the HAP Contract.

Restructuring Commitment. That certain Restructuring Commitment, entered into between the Owner and HUD, as part of the Mark-to-Market Process, setting forth the terms of the restructuring for the Project involving a section 8 housing assistance payments contract renewal with debt restructuring, and which incorporates a Restructuring Plan containing the information required by the Regulations at 24 CFR 401.404.

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

Tenant rent. The portion of the contract rent payable by the family, as determined by the Owner in accordance with HUD requirements. The CA is not responsible for paying any part of the tenant rent, except with respect to vacancy and similar payments made under Section 4.c.

3. PURPOSE

- a. The HAP Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), section 515(a) of the MAHRA, and pursuant to the terms of the Restructuring Commitment.
- b. Previously, the CA and the Owner had entered into a housing assistance payments contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will expire or terminate prior to the beginning of the term of this HAP Contract.
- c. The purpose of the HAP Contract is to provide housing assistance payments on behalf of eligible families who lease and occupy contract units that comply with the HUD PCS. Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families who lease contract units from the Owner in accordance with statutory requirements, and with all HUD regulations and other HUD requirements.
- d. The HAP Contract is entered into pursuant to the terms of the Restructuring Commitment setting forth the terms of the restructuring for the Project involving a section 8 housing assistance payments contract renewal with debt restructuring.
- e. The CA must make housing assistance payments to the Owner in accordance with the HAP Contract for contract units leased and occupied by eligible families during the HAP Contract term.

4. OCCUPANCY AND PAYMENT

a. Payment for occupied units

During the term of the HAP Contract, the CA shall make housing assistance payments to the Owner for the months during which a contract unit is leased to and occupied by an eligible family as determined in accordance with HUD requirements. If an assisted family moves out of a contract unit, the Owner may keep the housing assistance payment for the month when the family moves out.

<p>b. Occupancy by eligible families</p>

During the contract term, the Owner shall lease all of the contract units to eligible families. Eligibility shall be determined in accordance with HUD requirements.

<p>c. Vacancy payment</p>

- 1) The Owner shall receive housing assistance payments for so much of the month in which the family moves out of a contract unit as the contract unit remains vacant.
- 2) If the unit remains vacant, the Owner may receive a housing assistance payment in the amount of 80 percent of the contract rent for a vacancy period not to exceed an additional month after the month when the family moves out. However, if the Owner collects any of the tenant rent for this month, the payment for the vacancy period must be reduced to an amount which, when added to the family's payments, does not exceed 80 percent of the contract rent.
- 3) The Owner shall not receive any vacancy payment under this paragraph iii, unless the Owner:
 - a) Immediately upon learning of the vacancy, has notified the CA of the vacancy, or prospective vacancy, and the reason for the vacancy,
 - b) Takes all feasible actions to fill the vacancy, including contacting applicants on the Owner's waiting list, conducting appropriate outreach for eligible families, and advertising the availability of the unit;
 - c) Has not rejected any eligible applicant, except for good cause acceptable to the CA; and
 - d) Did not cause the vacancy by violating the lease, the HAP Contract, or any applicable law.

<p>d. Compensation for Damages, Unpaid Rent and Other Amounts Due Under the Lease</p>
--

If a family vacates a contract unit and owes rent, other amounts due under the lease, or has left damages in excess of normal wear and tear, the Owner may request reimbursement from HUD for such items so long as the Owner: (1) has collected a security deposit in an

amount permitted by HUD; and (2) has completed the move-in and move out inspections required by HUD. The amount of reimbursement will be calculated in accordance with HUD regulations and administrative procedures.

5. HOUSING ASSISTANCE PAYMENTS

a. HUD rent requirements

Notwithstanding any other provisions of the HAP Contract, the contract rent may in no event exceed the amount authorized in accordance with HUD requirements.

b. CA payment to Owner

- 1) Each month the CA must make a housing assistance payment to the Owner for a unit under lease to and occupied by an eligible family in accordance with the HAP Contract.
- 2) The monthly housing assistance payment to the Owner for a contract unit is equal to the amount by which the contract rent exceeds the tenant rent.
- 3) Payment of the tenant rent is the responsibility of the family. The CA is not responsible for paying any part of the tenant rent, or for paying any other claim by the Owner against a family, except with respect to vacancy and similar payments made under Section 4.c. The CA is only responsible for making housing assistance payments to the Owner on behalf of a family in accordance with the HAP Contract.
- 4) The Owner will be paid the housing assistance payment under the HAP Contract on or about the first day of the month for which payment is due, unless the Owner and the CA agree on a later date.
- 5) The Owner will notify the CA promptly of any change of circumstances that would affect the amount of the monthly housing assistance payment, and will return any payment that does not conform to the changed circumstances.

6. CONTRACT RENT

a. Initial Contract Rents

At the beginning of the HAP Contract term, and until contract rents for units in the Project are adjusted in accordance with section 6b, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in **Exhibit A**, which is attached to and, by this reference, is hereby made a part of the HAP Contract.

b. Contract Rent Adjustments

1) OCAF --

During the term of the HAP Contract the Contract Administrator shall annually, on the anniversary date of the HAP Contract, adjust the amounts of the monthly contract rents in accordance with HUD requirements by using an OCAF.

2) Procedure for Rent Adjustments During HAP Contract Term

- a) To adjust contract rents during the term of the HAP Contract, the Contract Administrator shall give the Owner notice with a revised Exhibit A that specifies the adjusted contract rent amounts.
- b) The revised Exhibit A shall specify the adjusted contract rent amount for each bedroom size as determined by the Contract Administrator in accordance with this section. The adjustment notice by the Contract Administrator to the Owner shall specify when the adjustment of contract rent is effective.
- c) If this box is checked _____, the initial contract rent, as stated in Exhibit A, constitutes an exception rent based on the actual and projected costs of operating the Project, as provided under section 514(g)(3) of MAHRA. Actual market rents are:

1br:

Previous Mod Rehab
REV 11-02-2007

2br:
3br:
4br:

Should the Project anytime during the term of the Renewal Contract receive other government assistance, including but not limited to any loan, grant, credit, tax benefit, or any other form of direct or indirect assistance such as tax credits under Federal, State or local law, the Owner shall provide HUD with written notice, no more than 30 days following receipt of notification from the governmental authority issuing the assistance that such assistance has been or will be awarded. The written notice will identify the type and amount of the assistance awarded, the government entity providing such assistance, and the date of the award. HUD will review the underwriting projections resulting from the receipt of other government assistance, and if HUD determines that Project operating expenses, debt service, and/or required replacement reserve contributions will decrease as a result of the Project's receipt of other government assistance, HUD may adjust the contract rents downward to the greatest of the following:

- Actual market rents as noted above, adjusted upwards using the appropriate OCAF adjustment factor, compounded annually from the origination date of the renewal contract, per HUD guidelines;
- Revised exception rent after applying the other government assistance, which is determined to decrease operating expenses, debt service, and/or required replacement reserve contribution; and
- Market rents that reflect improvements to the Project (as improved rents) resulting from the application of the additional government assistance, not to exceed the contract rent then in effect. The owner must submit to HUD a rent comparability study (RCS) prepared (at the owner's expense) in accordance with HUD requirements. HUD will have sole discretion to review and adjust the rents provided in the RCS to eliminate upward adjustments attributable to improvements that

Previous Mod Rehab
REV 11-02-2007

exceed the M2M Program's non-luxury standard. The rent comparability study must be submitted to HUD along with the notification of the award of the other governmental assistance.

IF THE ADDITIONAL GOVERNMENT ASSISTANCE IS PROVIDED IN CONJUNCTION WITH A TRANSACTION REQUIRING PRIOR HUD APPROVAL, SUCH AS, AN ASSUMPTION/SUBORDINATION OF MARK-TO-MARKET DEBT, A TPA, OR THE APPROVAL OF A NEW FHA INSURED FIRST MORTGAGE, THE OWNER MUST NOTIFY THE HUD OFFICIAL APPROVING THAT TRANSACTION OF THE REQUIREMENTS OF THIS SECTION. NO ADDITIONAL NOTIFICATION OF HUD OR THE SECTION 8 CONTRACT ADMINISTRATOR STAFF WILL BE REQUIRED.

IF NEW SECURED DEBT AND/OR TAX CREDIT EQUITY IS INVOLVED, THE OWNER SHALL SUBMIT PRO-FORMA ESTIMATES OF THE OPERATING EXPENSES, DEBT SERVICE, AND REPLACEMENT RESERVES THAT WILL BE REQUIRED AFTER THE APPLICATION OF THE ADDITIONAL GOVERNMENT ASSISTANCE. THESE ESTIMATES WILL BE REVIEWED BY HUD IN ITS PROCESS OF DETERMINING A POSSIBLE CONTRACT RENT ADJUSTMENT.

- d) Notice of rent adjustment by the Contract Administrator to the Owner shall automatically constitute an amendment of the HAP Contract.
- 3) No other adjustments

Except for contract rent adjustments in accordance with this section, there shall not be any other adjustments of the contract rents during the term of the HAP Contract. Special adjustments shall not be granted.

c. Owner compliance with HAP Contract

The CA shall not approve, and the Owner shall not receive, any increase of contract rent for any contract unit which does not comply with the PCS, and/or where the Owner has not complied with the terms of the assisted lease.

7. OWNER RESPONSIBILITY

- a. The Owner is responsible for:
- 1) Performing all management and rental functions for the contract units.
 - 2) Selecting tenants.
 - 3) Determining tenant eligibility.
 - 4) Performing an initial examination, interim examinations, and annual reexaminations of family income.
 - 5) Calculating amount of the tenant rent and the housing assistance payment in accordance with the HAP Contract and HUD requirements.
 - 6) Entering a lease with each assisted tenant.
 - 7) Enforcing tenant obligations under the lease.
 - 8) Paying for utilities and housing services (unless paid by the tenant in accordance with the HAP Contract).
 - 9) Collecting from the tenant:
 - a) Any security deposit.
 - b) The tenant rent.
 - c) Any charge for unit damage by the family.
 - 10) Paying the family any applicable utility reimbursement for tenant-paid utilities (where the amount of the utility allowance exceeds the amount of the tenant rent).
 - 11) Submitting monthly requests for payment in the form and manner required

by HUD and the CA.

- 12) Abiding by all terms and conditions of the Restructuring Commitment.
- b. The Owner shall perform all Owner responsibilities in accordance with HUD requirements.

8. OWNER CERTIFICATION

The Owner certifies that at all times during the term of the HAP Contract:

- 1) All contract units are in good and tenantable condition. The Owner will maintain the Project and all contract units in accordance with the PCS.
- 2) The Owner is providing all the services, maintenance and utilities as agreed to under the HAP Contract and the leases with assisted families.
- 3) Each contract unit for which the Owner is receiving housing assistance payments is leased to an eligible family, and the lease is in accordance with the HAP Contract and HUD requirements.
- 4) To the best of the Owner's knowledge, the contract unit is leased to and occupied by an eligible Family and is used solely for residence by the Family and as the Family's principal place of residence.
- 5) The Owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.
- 6) The amount of the housing assistance payment is the correct amount due under the HAP Contract.
- 7) Except for the housing assistance payment and the tenant rent as provided under the HAP Contract, the Owner has not received and will not receive any payments or other consideration (from the family, the CA, HUD, or any other public or private source) for rental of the contract unit.
- 8) The family does not own, or have any interest in the contract unit. If the Owner is a cooperative, the family may be a member of the cooperative.
- 9) Owner has complied and will comply with all Owner's obligations under the Restructuring Commitment.

9. CONDITION OF UNITS

a. Owner maintenance and operation

- 1) The Owner must maintain and operate the contract units and Project to provide decent, safe and sanitary housing in accordance with the PCS, including timely performance of ordinary and extraordinary maintenance.
- 2) The Owner must provide all the services, maintenance and utilities set forth in Exhibit B, and in the lease with each assisted family.

b. CA inspection

The CA may inspect the contract units and the Project annually, and any time the CA deems necessary to assure that the contract units and Project are in accordance with the PCS, and that the Owner is providing the maintenance, utilities, and other services in accordance with the leases and the HAP Contract. The CA shall give the Owner reasonable notice of any and all such inspections.

c. Violation of PCS

- 1) If the CA determines that a contract unit is not in accordance with the PCS, the CA may exercise any of its remedies under the HAP Contract. Such remedies include termination, and suspension or reduction of housing assistance payments. The CA may exercise any such contractual remedy respecting a contract unit even if the family continues to occupy the unit.
- 2) The CA shall not make any housing assistance payment for a dwelling unit that fails to meet the PCS, unless the Owner corrects the defect within the period specified by the CA and the CA verifies the correction. If a defect is life threatening, the Owner must correct the defect within no more than 24 hours. For other defects, the Owner must correct the defect within no more than 30 calendar days (or any CA-approved extension).

d. Maintenance and replacement -- Owner's standard practice

Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the Owner.

10. LEASING CONTRACT UNITS

- a. During the term of the HAP Contract, the Owner must lease all contract units to eligible families.
- b. The Owner must determine family eligibility in accordance with HUD requirements.
- c. The contract unit leased to each family must be appropriate for the size of the family as determined in accordance with HUD requirements.
- d. The Owner is responsible for screening and selecting tenants.

11. TENANCY

a. Lease

The lease between the Owner and each assisted family must be in accordance with HUD requirements. The lease must include word-for-word all provisions required by HUD.

b. Termination of tenancy

The Owner may only terminate a tenancy in accordance with the lease and HUD requirements.

c. Family payment

- 1) The portion of the contract rent payable by the family will be determined by the Owner in accordance with HUD requirements. The amount of the tenant rent is subject to change during the term of the HAP Contract.
- 2) The amount of the tenant rent as determined by the Owner in accordance with HUD requirements is the maximum amount the Owner may charge the family for rent of a contract unit, including all housing services, maintenance and utilities to be provided by the Owner in accordance with the HAP Contract and the lease.
- 3) The Owner may not demand or accept any rent payment from the tenant in excess of the tenant rent. The Owner must immediately return any excess rent payment to the tenant.

- 4) The family is not responsible for payment of the portion of the contract rent covered by the housing assistance payment under the HAP Contract. The Owner may not terminate the tenancy of an assisted family for nonpayment of the housing assistance payment where such nonpayment is the result of failure by the Owner to fulfill its obligations under the HAP Contract.

d. Other Owner charges

The Owner may not charge the tenant or family members extra amounts for items set forth in Exhibit B.

e. Security deposit

- 1) The Owner may collect a security deposit from the family.
- 2) The Owner must comply with HUD and CA requirements, which may change from time to time, regarding security deposits from a tenant.
- 3) When the family moves out of the contract unit, the Owner, subject to State and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit or other amounts which the family owes under the lease. The Owner must give the family a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the Owner, the Owner must promptly refund the full amount of the balance to the family.
- 4) If the security deposit is not sufficient to cover amounts the family owes under the lease, the Owner may seek to collect the balance from the tenant.

12. RESERVE FOR REPLACEMENTS

Intentionally deleted.

13. OVERCROWDED AND UNDEROCCUPIED UNITS

If a contract unit is not decent, safe and sanitary because of an increase in the family size which causes the unit to be overcrowded, or a contract unit is larger than appropriate for the size of the family in occupancy, the Owner must offer the family a suitable unit as soon as one becomes vacant and ready for occupancy, and the Owner must require the family to move.

14. PROHIBITION OF DISCRIMINATION
--

- a. The Owner may not refuse to lease contract units to, or otherwise discriminate against any person or family in leasing of a contract unit, because of race, color, creed, religion, sex, national origin, disability or familial status (i.e., because the family includes children).
- b. The Owner must comply with all applicable Federal requirements, including but not limited to the following: The Fair Housing Act (42 U.S.C. 3610 - 3619) and implementing regulations at 24 CFR parts 100, et seq.; Executive Orders 11063, 12259, and 12892 (Equal Opportunity in Housing) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d - 2000d-4) (prohibition of discrimination in Federally-assisted programs) and implementing regulations at 24 CFR part 1; the Age Discrimination Act of 1975 (42 U.S.C. 6101 - 6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (prohibition of discrimination because of disability) and implementing regulations at 24 CFR part 8; title II of the Americans with Disabilities Act (42 U.S.C. 12101, et seq.) (prohibition of employment discrimination because of disability) and the fair housing advertising poster guidelines at 24 CFR part 110.
- c. The CA and the Owner must cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations.

15. REDUCTION OF CONTRACT UNITS
--

If the Owner fails for a continuous period of six months to have at least 90 percent of the assisted units leased or available for leasing to eligible families, the contract administrator may, on thirty calendar days notice to the Owner, reduce the number of contract units to not less than the number of units actually under lease to eligible families at the day of such notice, plus 10 percent (rounded up).

16. OWNER DEFAULT AND CA REMEDIES

a. Owner default

Any of the following is a default by the Owner under the HAP Contract:

- 1) The Owner has failed to comply with any obligation under the HAP Contract, including the Owner's obligations to maintain all contract units in accordance with the PCS.
- 2) The Owner has violated any obligation under any other housing assistance payments contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).
- 3) The Owner has committed any fraud or made any false statement to the CA or HUD in connection with the HAP Contract.
- 4) The Owner has committed fraud, bribery or any other corrupt or criminal act in connection with any Federal housing assistance program.
- 5) If the property where the contract units are located is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD:
 - a) The Owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement, or
 - b) The Owner has committed fraud, bribery or any other corrupt or criminal act in connection with the HUD loan or HUD-insured mortgage.
- 6) If the Owner has engaged in any drug-related criminal activity or any violent criminal activity.
- 7) The Owner has violated any obligation under the Restructuring Commitment.

b. CA remedies

- 1) If the CA determines that a breach has occurred, the CA may exercise any of its rights or remedies under the HAP Contract.
- 2) The CA must notify the Owner in writing of such determination. The notice by the CA to the Owner may require the Owner to take corrective action (as verified by the CA) by a time prescribed in the notice.

Previous Mod Rehab
REV 11-02-2007

- 3) The CA's rights and remedies under the HAP Contract include recovery of overpayments, termination or reduction of housing assistance payments, and termination of the HAP Contract.

c. CA remedy is not waived

The CA's exercise or non-exercise of any remedy for Owner breach of the HAP Contract is not a waiver of the right to exercise that remedy or any other right or remedy at any time.

17. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS REQUIRED BY HUD OR CA

a. Required information

The Owner must prepare and furnish any information pertinent to the HAP Contract as may reasonably be required from time to time by the CA or HUD. The Owner shall furnish such information in the form and manner required by the CA or HUD.

b. CA and HUD access to Project

The Owner must permit the CA or HUD or any of their authorized representatives to have access to the Project during normal business hours, and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the Owner to the extent necessary to determine compliance with the HAP Contract, including the verification of information pertinent to the housing assistance payments or the HAP Contract.

18. CA AND OWNER RELATION TO THIRD PARTIES

a. Injury because of Owner action or failure to act

The CA has no responsibility for or liability to any person injured as a result of the Owner's action or failure to act in connection with the implementation of the HAP Contract, or as a result of any other action or failure to act by the Owner.

b. Legal relationship

The Owner is not the agent of the CA. The HAP Contract does not create or affect any relationship between the CA and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with the implementation of the HAP Contract.

c. Exclusion of third party claims

Nothing in the HAP Contract shall be construed as creating any right of a family or other third party (other than HUD) to enforce any provision of the HAP Contract, or to assert any claim against HUD, the CA or the Owner under the HAP Contract.

d. Owner's claims against HUD

If the contract administrator is a PHA acting as contract administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD, the contract administrator is not the agent of HUD and the HAP Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the contract administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

19. CONFLICT OF INTEREST

a. Prohibited interest

- 1) No covered individual or entity may have any direct or indirect interest in the HAP Contract.
- 2) Direct or indirect interest includes the interest of an immediate family member.

b. Definitions

- 1) "Immediate family member" means the spouse, parent, child, grandparent, grandchild, sister, or brother of any covered individual.
- 2) "Covered individual or entity" means an individual or entity that is a member of any of the following classes:

- a) A member, officer or director of the CA, or other CA official with administrative functions or responsibility concerning contract administration under the Annual Contributions Contract (“ACC”) between HUD and the CA.
- b) If the CA is an instrumentality of a governmental body:
 - i) A member, officer or director of such governmental body.
 - ii) A member, officer or director of any entity that holds a direct or indirect interest in the instrumentality entity.
- c) An employee of the CA.
- d) A CA contractor, subcontractor or agent with administrative functions or responsibility concerning contract administration under the ACC, or a principal or other interested party of such contractor, subcontractor or agent.
- e) An individual who has administrative functions or responsibility concerning contract administration under the ACC, including an employee of a CA contractor, subcontractor or agent.
- f) A public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities concerning contract administration under the ACC.

c. Disclosure

- 1) A individual or entity with a prohibited interested under section 19 must disclose his, her or its interest or prospective interest in the HAP Contract, or any other contract, subcontract or other arrangement in connection with contract administration under the ACC to the CA and HUD.
- 2) The Owner certifies that it has fully disclosed to the CA and HUD any interest that would be a violation of the conflict of interest requirements (paragraph 19 of the HAP Contract), and that it will fully and promptly update such disclosures.

d. HUD waiver

- 1) HUD may waive the conflict of interest requirements for good cause.
- 2) Any covered individual or entity for whom a waiver is granted may not execute any contract administration functions or responsibility concerning a HAP Contract under

which such individual is or may be assisted, or with respect to a HAP Contract in which such individual or entity is a party or has any interest.

e. Interest of member of Congress

No member of or delegate to the Congress of the United States of America or resident commissioner shall be admitted to any share or part of the HAP Contract or to any benefits which may arise from it.

20. EXCLUSION FROM FEDERAL PROGRAMS

a. Federal requirements

The Owner must comply with and is subject to requirements of 24 CFR Part 24, concerning debarment, suspension, and limited denial of participation.

b. Disclosure

The Owner certifies that:

- 1) The Owner has disclosed to the CA the identity of the Owner and any principal or interested party.
- 2) Neither the Owner nor any principal or interested party is listed on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; and none of such parties are debarred, suspended or subject to a limited denial of participation under 24 CFR part 24.

21. TRANSFER OF THE CONTRACT, PROPERTY, AND OWNERSHIP ENTITY

a. When consent is required

- 1) The Owner agrees that the HAP Contract shall not be transferred without the advance written consent of the CA in accordance with HUD requirements.
- 2) The Owner agrees that the Project may not be transferred without the advance written consent of HUD.

- 3) The Owner agrees that no beneficial rights in the Owner itself shall be sold, transferred or conveyed without the advance written consent of HUD.
- 4) “Transfer” or “transferred” includes:
- a) Any sale or assignment or other transfer of ownership, in any form, of the HAP Contract or the property;
 - b) The transfer of any right to receive housing assistance payments that may be payable pursuant to the HAP Contract;
 - c) The creation of a security interest in the HAP Contract or the property;
 - d) Foreclosure or other execution on a security interest; or
 - e) A creditor’s lien, or transfer in bankruptcy.
- 5) If the Owner is a corporation, partnership, limited liability company, trust or joint venture, the Owner is not required to obtain advance consent of HUD pursuant to Section 21.a.3) for conveyance, assignment or transfer of less than a substantial interest in such Owner. For purposes of this section, the term “substantial interest” means (i) the interest of any general partner, or any limited partner or any non-managing member having a 25 percent or more interest in the Owner; and (ii) any ownership interest of any stockholder having a 10 percent or greater interest in the Owner. Further, HUD consent is not required for the transfer of any non-managing member interest in any limited partners of the Owner or any interest either as a member or a manager in any limited liability company which is a non-managing member of a limited partner of the Owner.

<p>b. Transferee assumption of HAP Contract</p>
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No transferee (including the holder of a security interest, the security holder’s transferee or successor in interest, or the transferee upon exercise of a security interest) shall have any right to receive any payment of housing assistance payments pursuant to the HAP Contract, or to exercise any rights or remedies under the HAP Contract, unless the CA has consented in advance, in writing to such transfer, and the transferee has agreed in writing, in a form acceptable to the CA in accordance with HUD requirements, to assume the obligations of the Owner under the HAP Contract, and to comply with all the terms of the HAP Contract.

c. Effect of consent to transfer

- 1) The creation or transfer of any security interest in the HAP Contract is limited to amounts payable under the HAP Contract in accordance with the terms of the HAP Contract.
- 2) The CA's consent to transfer of the HAP Contract does not change the terms of the HAP Contract in any way, and does not change the rights or obligations of the CA or the Owner under the HAP Contract.
- 3) The CA's consent to transfer of the HAP Contract to any transferee does not constitute consent to any further transfers of the HAP Contract, including further transfers to any successors or assigns of an approved transferee.

d. When transfer is prohibited

The CA will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended or subject to a limited denial of participation under 24 CFR part 24, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

22. OWNER DISCLOSURE OF OTHER GOVERNMENT ASSISTANCE

The Owner must disclose to the CA in accordance with HUD requirements information regarding any related assistance from the Federal Government, a State, or a unit of general local government, or any agency or instrumentality thereof that is made available or is expected to be made available with respect to the contract units. Such related assistance includes, but is not limited to, any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance.

23. OWNER LOBBYING CERTIFICATIONS

- a. The Owner certifies, to the best of Owner's knowledge and belief, that:
 - 1) No Federally appropriated funds have been paid or will be paid, by or on behalf of the Owner, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of the HAP Contract, or the extension,

continuation, renewal, amendment, or modification of the HAP Contract.

- 2) Owner has complied and will comply with all applicable federal lobbying reporting standards.
- b. This certification by the Owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

24. NOTICES AND OWNER CERTIFICATIONS

- a. Any notice by the Contract Administrator or the Owner to the other party pursuant to the HAP Contract shall be given in writing.
- b. A party shall give notice at the other party's address specified in section 1 of the HAP Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.
- c. Any certification or warranty by the Owner pursuant to the HAP Contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.

25. HUD REQUIREMENTS

The HAP Contract shall be construed and administered in accordance with all statutory requirements, the Restructuring Commitment, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the HAP Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the HAP Contract, including the provisions of section 6 (contract rent), shall not be applicable.

26. STATUTORY CHANGES DURING TERM

If any statutory change during the term of the HAP Contract is inconsistent with section 6 of the HAP Contract, and if HUD determines, and so notifies the CA and the Owner, that the CA is unable to carry out the provisions of section 6 because of such statutory change, then the CA or the Owner may terminate the HAP Contract upon notice to the other party.

27. PHA DEFAULT

- a. This section of the HAP Contract applies if the CA is a PHA acting as Contract Administrator pursuant to an annual contributions contract (“ACC”) between the PHA and HUD. This includes a case where HUD has assigned the HAP Contract to a PHA Contract Administrator, for the purpose of PHA administration of the HAP Contract.

- b. If HUD determines that the PHA has committed a material and substantial breach of the PHA’s obligation, as CA, to make housing assistance payments to the Owner in accordance with the provisions of the HAP Contract, and that the Owner is not in default of its obligations under the HAP Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the HAP Contract.

28. ENTIRE AGREEMENT

The HAP Contract, including the exhibits, is the entire agreement between the CA and the Owner. No changes in the HAP Contract may be made except in writing signed by both the Owner and the CA

EXHIBIT A

**IDENTIFICATION OF UNITS BY SIZE,
APPLICABLE CONTRACT RENTS, AND
EFFECTIVE DATE OF EACH STAGE**

**Number
of Contract Units**

**Number
of Bedrooms**

**Contract
Rent**

Exhibit B

Services, maintenance and utilities to be provided by the owner

INSTRUCTIONS

PREPARATION OF HAP CONTRACT.

The HAP Contract consists of Part 1, Part 2, and the contract exhibits. The exhibits are listed in paragraph 1.b of Part 1.

Part 1 contains section 1 of the HAP Contract.

Part 2 contains sections 2 to 25 of the HAP Contract.

Part 1 includes fill-in items, and a list of the contract exhibits. Fill out part 1 to prepare the HAP Contract for execution.

The form of HAP Contract must be used word-for-word, and may not be modified.

CONTRACT EXECUTION

Part 1 is signed by the CA, HUD, and the Owner of the housing.

ENDNOTES

¹ Enter all contract information.

² Enter a description of the housing that will be covered by the HAP Contract. The description must clearly identify the Project by providing the Project's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered Project.

If necessary, attach an exhibit with a site plan, legal description or other descriptive information. Enter a reference to the attached exhibit.

³ If required by the CA, the HAP Contract may include additional information describing the physical condition, location and plans of the contract units.

⁴ List any additional exhibits.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

Date

Owner
Address
City, State Zip Code

Re: Name of Project: _____
Contract Number(s): _____
Beginning date of next annual increment: _____
End date of next annual increment: _____

Dear _____:

The records of the Department of Housing and Urban Development (“HUD”) indicate that the project identified above is subject to a Section 8 Housing Assistance Payments (“HAP”) contract that has been renewed under the Multifamily Assisted Housing Reform and Affordability Act of 1997, Pub. L. 105-65, 111 Stat. 1384, as amended (“MAHRA”), for a multi-year contract term (“Renewal Contract”). Section 2 of the Renewal Contract, captioned “Term of Renewal Contract,” states that it is “[s]ubject to the availability of sufficient appropriations to make housing assistance payments for any year in accordance with the Renewal Contract, as determined by HUD.”

This letter constitutes notice that HUD has determined pursuant to the foregoing provision that sufficient appropriations are not available at this time to make housing assistance payments under the Renewal Contract for the entirety of the next annual increment.

This letter further serves as notification that HUD is hereby obligating \$ _____, an amount sufficient to provide housing assistance payments for approximately _____ months of the next annual increment. HUD will provide additional funding subject to the availability of appropriations. This means that when such appropriations are available, HUD will obligate additional funding and provide you with written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the remaining portion of the annual increment to which it will be applied.

For questions concerning this letter, please contact _____ (Housing Staff Member and title) at _____ (phone number).

Sincerely,

Housing Official
Title

Internal HUD Distribution:						
Identification Lines:						
Correspondence Code	Originator	Concurrence	Concurrence	Concurrence	Concurrence	Concurrence
Name						
Date						

Official Record Copy

U.S. Department of Housing and Urban Development
Previous edition is obsolete.

form HUD-713.1 (02/03)